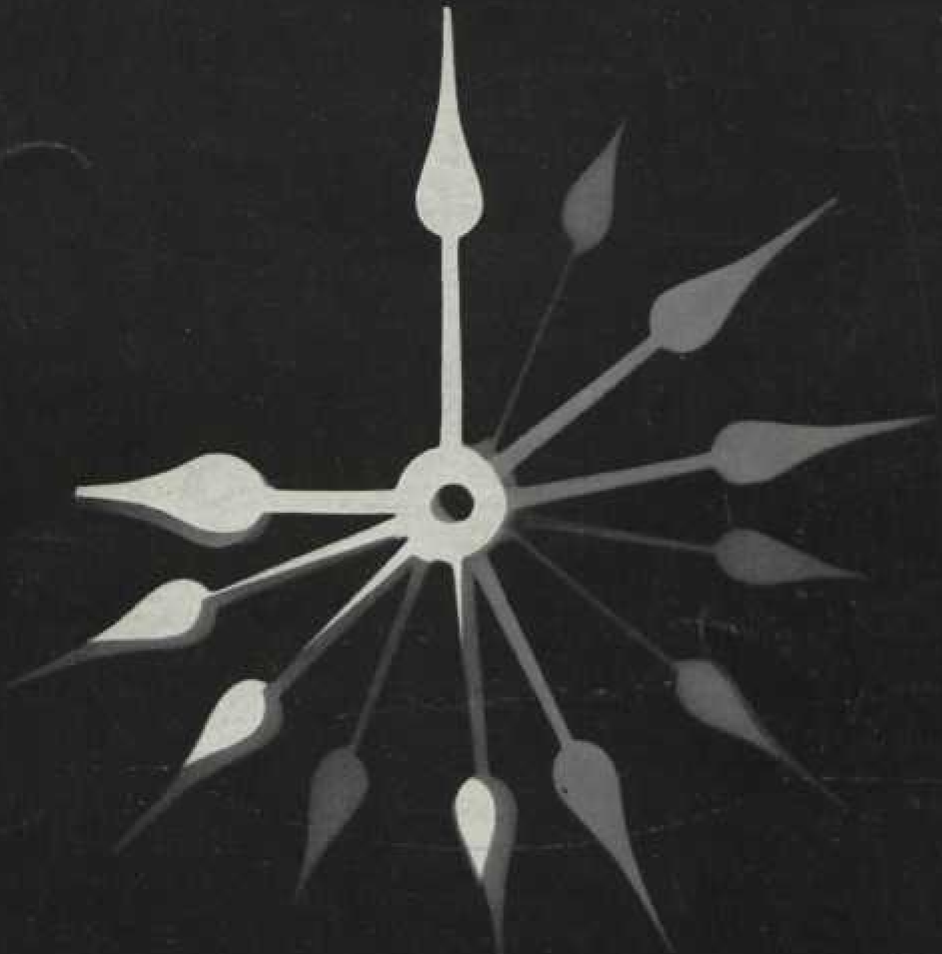
Nation's Business

A USEFUL LOOK AHEAD

OCTOBER 1956



Make the time you need

PAGE 90

What computers can do for you PAGE 40

Why workers walk out PAGE 100

New plan uncovers management talent PAGE 34

How sales pattern will change PAGE 38

Waiting *for your business to improve?*

Do something about it!

Experienced management has proved, time and time again, that things don't just happen. Improvement is caused by corrective *action!* The many ailments from which a business can suffer…such as rising costs, complicated personnel problems, contracting markets, outmoded methods…all lead to one end result: decreasing net profits or actual losses. They must be stopped by corrective action.

Top management in more than 40,000 businesses during the past 32 years has made profitable use of the service offered by the George S. May Company. This unique service does not stop with reports or counsel; corrective recommendations are put into effect when requested. Benefits are immediate and are reflected in black ink on the profit and loss statement.

If you have been vaguely aware of the need for changes and improvements in the structure and operation of your business, you will do well to call in the George S. May Company. Put the world's largest accumulation of business knowledge and experience to work on your problems. Call any of our offices today. There is no obligation.

George S. May Company

Cable Address: GEOSMA, Chicago

CHICAGO 6, Engineering Building
Financial 6-3460

NEW YORK 17, 122 East 42nd Street
OXford 7-3900

SAN FRANCISCO 2, 291 Geary Street
GArfield 1-5244

CANADA, 1176 Phillips Place, Montreal
UNiversity 6-9152

GERMANY, GEORGE S. MAY INTERNATIONAL, G.M.B.H.
Düsseldorf, Alleestrasse 35, Telefon 80328

Open your door to more out-of-town orders by saying, "Call us—Collect!"

Today you can reach farther for sales by inviting out-of-town customers to *telephone you collect.*

The Call-Collect Plan makes it easy for your customers to reach you at ordering time. Helps you give them fast, personal service. Brings you new business between salesmen's visits. Opens new markets.

It's simple to establish. A telephone company representative will gladly help you work out the details. Just call your Bell Telephone Business Office.

LONG DISTANCE RATES ARE LOW

Here are some examples:

New York to Philadelphia	50¢
Cleveland to Indianapolis	90¢
Atlanta to St. Louis	$1.20
Chicago to Denver	$1.60
Washington, D. C., to San Francisco	$2.50

These are the daytime Station-to-Station rates for the first three minutes. They do not include the 10% federal excise tax.

BELL TELEPHONE SYSTEM

Call by Number. It's Twice as Fast.

INTERNATIONAL TRUCKS
"Sized" to fit your job exactly

Heavy-duty V-8 Models

World's most complete line of highway haulers

Conventional Models

Cab-Over-Engine Models

Special "Western" Models

For profitable over-the-road hauling, there is an INTERNATIONAL Truck "sized," powered and geared to match your highway hauling operation *exactly*.

Only INTERNATIONAL meets all your requirements *exactly* with the world's most complete truck line—plus the largest selection of load-carrying and load-moving components. For example, in just one basic model alone, INTERNATIONAL offers a choice of twelve different engines —gas, diesel, LPG.

Here is the ultimate for individual over-the-road job specialization:

- **44 basic INTERNATIONAL Roadliner® models—29,000 to 76,800 lbs. GCW.**
- **29 four-wheelers, 15 six-wheelers in conventional and COE design.**
- **27 engines—6's and new heavy-duty truck V-8's with up to 356 hp. Displacements ranging from 264.3 to 1090 cu. in.**

See your INTERNATIONAL Dealer or Branch today for all the facts and figures.

INTERNATIONAL HARVESTER COMPANY • CHICAGO

INTERNATIONAL® TRUCKS ®

First with men who *know* truck costs!

Heavy-Duty Sales Leader For 24 Straight Years

Six-Wheel Sales Leader For 21 Straight Years

Motor Trucks • Crawler Tractors • Construction Equipment

McCormick® Farm Equipment and Farmall® Tractors

Nation's Business

OCTOBER 1956 VOL. 44 NO. 10

PUBLISHED BY THE CHAMBER OF COMMERCE OF THE UNITED STATES

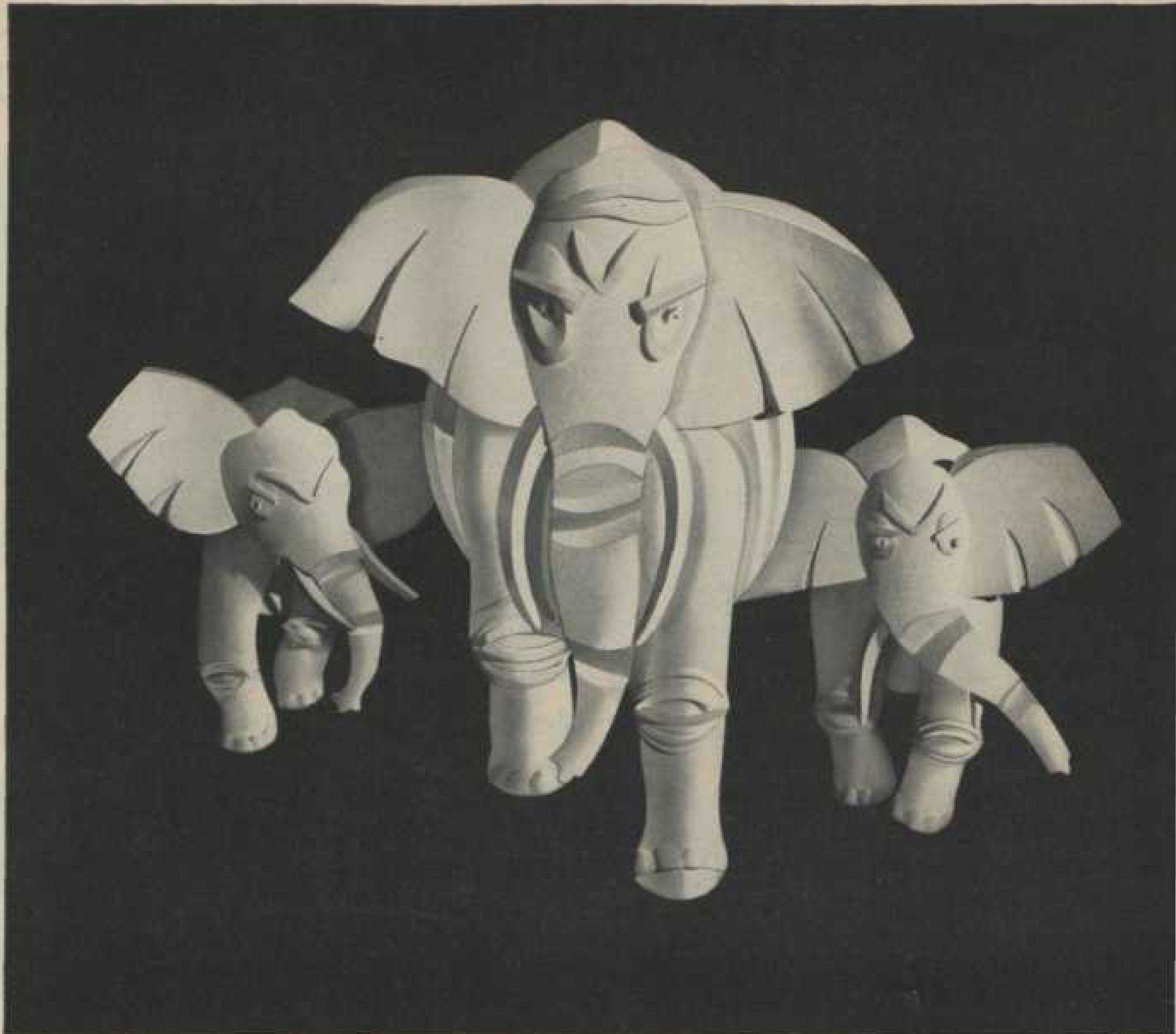
Nation's Business is available only by subscription

More than 750,000 subscribers

GENERAL OFFICES—U. S. Chamber Building, *Washington 6, D. C.* BRANCH OFFICES—*New York, Chicago, San Francisco, Cleveland, Detroit, Philadelphia.*

As the official magazine of the Chamber of Commerce of the United States this publication carries notices and articles in regard to the Chamber's activities; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers.

Nation's Business is published monthly at 1615 H. St. N. W., Washington 6, D. C. Subscription price $18 for three years. Printed in U.S.A. Entered as second-class matter March 20, 1920, at the post office at Washington, D. C.



these white elephants are made of paper!

Are they stalking through your offices? Could be! They are in most! Certainly it's no joke if they are, for the excessive cost of handling your company's records can be eating deeply into its profits.

How long since you took a look at your personal files, your file room, at your records storage area? Are you keeping records you no longer need? Are some of your active records only *semi-active?* Is the flow of vital information from files impeded by inefficient systems or equipment, by uncertain indexing, by slow filing and slower finding?

Have you designated the vital records that can *keep you in business?* Have you made adequate provision for their protection?

Is microfilming a mystery to you?

Why not measure the savings possible through the economy and efficiency of modern records management methods—*right now!* Remington Rand has dollar-saving answers for you in a new booklet, which will help you clear these costly white elephants out of your organization. Write Room 2014, 315 Fourth Avenue, New York 10. Simply ask for "Your Records" (Controlled From Creation To Destruction)—X1615.

Remington Rand

DIVISION OF SPERRY RAND CORPORATION

our future is in the skies

You may curse the clouds that delay your fishing trip. But bless them, too.

Clouds are the sponges that soak up moisture from the sea and squeeze it out again over the land as rain. Fortunately for you, this cycle never ends. Unfortunately, the annual rainfall it produces never increases. Yet demand for water, increasing constantly, is expected to double by 1975!

The nation's water officials are working steadily to make sure we get all the water we need . . . now and in the future. You can help by supporting their advance planning for adequate water facilities and by recognizing realistic water rates.

Cooperate and help to conserve the precious fluid that falls from the skies . . . the God-given water that means life for all of us.

Here's Where You Come In

Both the homes and industries in your community are constantly using more water. In trying to satisfy these ever increasing demands, your water works officials face a bigger job than ever before.

Your help is vital to your continued welfare. *Here's what you can do.*

Practice conservation: don't waste water . . . ever!

Support realistic water rates. If your present system is inadequate, back up your water authorities' recommendations for modernization.

And when your water works officials specify cast iron pipe, you can be sure they're acting in your best interest. Here's why:

Cast Iron Pipe, Our Most Reliable Water Carrier

Laid over 100 years ago, this cast iron water main is still serving Alexandria, Va. Today, modernized cast iron pipe, centrifugally cast, is even more rugged and longer lasting.

Long Life for Gas Mains

This cast iron gas main, laid 122 years ago, still serves Baltimore Gas Company. Over 70 American public utilities are still being efficiently served by cast iron mains laid over a hundred years ago.

Cast Iron Pipe Research Association, Thos. F. Wolfe, Managing Director, 122 South Michigan Avenue, Chicago 3.

CAST IRON PIPE

CAST IRON

management's WASHINGTON LETTER

▶LOOK TO 1957 FOR BRIGHTEST economic horizon ever.

Economy is picking up steam now for new growth spurt in months ahead.

That's view of Washington economists both in and out of government.

There'll be new peaks for production, income, consumption.

Here's what to expect:

Gross national product--index of all production, services--is expected to pass $420 billion rate in first or second quarter.

Rate is $408.5 billion now.

Personal income, now $325 billion, may rise to $340 or higher by midyear.

Hours worked, plus hourly earnings, will show up in higher incomes.

Prices, which have gone up in past half year, probably will rise a little more, then level off.

Indicator to watch:

New plant and equipment spending--it's now $38 billion (annual rate).

If this goes higher in final quarter, as it's expected to do, it'll signal industry's confidence in years ahead.

It means, too, that they're confident enough to pay higher borrowing costs in order to expand.

▶AS NEW AUTO YEAR BEGINS, outlook is for second or third best year.

Odds favor second place.

Industry looks for 6.5 to 6.8 million 1957 sales.

Here are comparisons:

Biggest year was 1955, with 7.9 million new cars.

Second was 1950, with 6.6 million.

Current production, about 6.1 million.

Bright outlook's based on:

Sales stimulus of new styles, low inventory of 1956 models left over.

Industry looks for about 270,000 cars left over as new season gets underway.

That's down from about 900,000 on hand last February.

Other points auto men wonder about:

What effect--if any--will tight credit, price increases have on sales?

They look for next 40 days to tell.

New auto survey by Federal Reserve staff sheds light on outlook:

63 per cent of today's cars are 3 years or older--compared to 58 in '53.

Note: Nearly half cars traded in for new are 3 to 5 years old.

▶BILL COLLECTIONS SHOW improving status for credit buyers.

Collectibility index of American Collectors Association is 99.

That's highest since 1952.

It compares to 90.2 three months ago, 88.2 six months ago.

Association says:

Average bill its 2,000 member agencies are asked to collect now is $48.90. Year ago average was $60.62.

Repossessions are lower, average payments higher.

Collectors Association expects little change--if any--throughout 1957.

▶OUTLOOK FOR BUSINESS in consumer goods line holds good for years ahead.

New marriage trend assures this.

Study by Metropolitan Life Insurance Company shows:

81¼ million married persons today compared to 75 million in 1950 and 60¼ million in 1940.

Proportion of people age 15 and older who are married: 70 per cent.

That compares to 60 per cent in decade before World War II.

Study shows half today's young men will marry before age 23; women, 20.

Robert C. Cook, Population Reference Bureau, explains meaning:

New high level of married population reflects happy, prosperous people with optimistic view of future.

▶GOOD WORLD BUSINESS conditions spark big year ahead for U. S. shipbuilding.

Federal Maritime Administrator Clarence G. Morse says:

At least $500 million in new orders will go to builders in year ahead.

That compares with 24 month period (1952-1954) in which no contracts were signed for U. S. flag vessels.

Reason for boom:

Unprecedented demand for our vessels in world trade, replacement of ships getting too old for economic operation.

▶BRIGHTEST SPOT IN SHIP PICTURE is fact private industry--not government--will underwrite bulk of new building.

Of $500 million new business project-

ed for fiscal '57, industry will spend lion's share: $458 million.

Ships on order and planned include dry cargo vessels, tankers, passenger vessels.

Additional item is $40 million which Uncle Sam plans to spend for nuclear powered merchantman.

Bids for atom ship will be accepted by Maritime late this year.

Navy has just awarded $18.3 million to Westinghouse Electric Corp. for nuclear power plant for light cruiser.

Activity to watch:

In nation's maritime picture is government financed beef-up of old, slow battle-tried Liberty ships of World War II.

Reconditioned for $3 million, one of these has done 17½ knots in trial run.

Top speed in war: 9 knots.

▶INDUSTRIAL BUILDING IS BOOSTING total construction picture toward record.

It's running 29 per cent ahead of year ago.

Office buildings, warehouses are running ahead 20 per cent.

Other categories steaming ahead:

Educational, up 20 per cent.

Railroads, up 19 per cent.

Telephone, telegraph, up 25 per cent.

On public construction side, highway building is up 14 per cent, sewer and water up 15 per cent.

On down side are:

Home building, 11 per cent.

Hospitals, institutions, 13 per cent.

Conclusion: For year all construction is expected to surpass past year by about 4 per cent.

▶HOME BUILDING INDUSTRY FACES critical phase in coming months.

Reason: Tight money.

That's view of National Association of Home Builders, which says:

Life blood of our business--supply of mortgage money--is receding rapidly.

Without it we cannot operate.

Association warns its 39,000 members:

1. Don't start construction without financing commitments.

2. Keep production in line with sales volume.

3. Don't depend on extensions of warehousing agreements.

4. Don't assume that tight money market is temporary.

5. If your profit margin is squeezed, cut back production instead of risking loss from which you may not recover.

▶MEASURE OF TIGHT MONEY is shown by National Association of Real Estate Boards survey.

Money for conventional financing of new homes shows pattern.

In March survey, 9 per cent of 284 communities called money tight.

Now figure is 18 per cent.

Same pattern is in FHA-GI loans.

Study also shows smaller cities feel money supply impact more than larger areas.

In areas of 25,000 population or less, 23 per cent now call money tight.

In areas of 500,000 or more, 6 per cent call money tight.

▶THERE'S LITTLE CHANCE tight money will be reversed, at least for months.

Things Federal Reserve will look for before increasing money supply, include:

Housing starts--if they drop below 1 million.

Auto sales--if they fail to show expected upturn with '57 models.

Employment--if it drops half million or so and drop is widespread.

Summary: Board will look for widespread economic decline, not regional or local soft spots.

▶ARE NEW BUDGET BUREAU predictions for fiscal 1957 too low?

Many in Washington think so.

Feeling's this:

New surge in economic activity is expected to raise revenue above Bureau's $69.8 billion estimate.

But anticipated $700 million surplus won't necessarily be higher.

That's because government spending's also expected to rise above estimated $69.1 billion.

Why?

Government spending trend is upward.

Examples:

New fiscal year will see $830 million increase over past year for farm programs.

Pentagon will get $314 million more

and labor and welfare grants will be $225 million higher than past year's.

Increased obligational authority also signals higher outlays ahead.

Authority is now $69.7 billion, $4.3 billion higher than figured last January.

▶HERE'S HOW SURGING ECONOMY points to higher government revenue ahead:

Budget Bureau looks for personal income tax to bring in $37.5 billion for year ending next June 30.

Tax is based on expected personal income of $323 billion.

But income has already passed $325 billion annual rate and average for year will probably go higher.

▶SKYROCKETING INTEREST for public debt --$7.2 billion for year ending next June 30--is second largest federal budget item.

Biggest: $40.8 billion for national security.

Interest costs will be up $304 million above past year.

Though debt was reduced last year and cut is expected again in 1957, climbing interest rates will force Uncle Sam to pay more to borrow.

Example:

$12.5 billion 2 per cent Treasury notes issued May, 1955, were refunded in August, 1956, at 2¾ per cent.

▶MISSILES LOOM LARGER in defense spending picture.

Procurement will be up (to $1.3 billion) 30 per cent in current fiscal year.

One dollar will go for missiles for every $10 in other defense procurement.

Air Force will get $800 million worth. That compares to $485 million last year.

Navy missile buying will be up a little, Army's down.

Item: Spending for planes will dip for second consecutive year--from $6.8 billion to $6.7 billion this year.

▶DEFENSE OUTLAYS FOR RESEARCH will be heaviest in history.

Total will reach $5.2 billion in current fiscal year. Sum includes research tests, evaluation programs.

It compares to $3.8 billion in past year, $3.4 billion year before.

Other factors pushing defense costs to new heights include:

Electronics and communications, mainly early warning systems--up $200 million.

Reserve components--up $212 million.

▶LOOK FOR EVENTUAL REDUCTION of government papers you must file.

Budget Bureau meets soon with other federal officials to map plans to simplify, reduce paperwork.

Meanwhile, General Services Administration has drawn up new list of record keeping laws, regulations.

It's available (15 cents) from Government Printing Office, Washington.

▶TIPOFF ON HOW foreign aid will be overhauled may be out in December.

President's Citizen Advisers on Mutual Security picked to blueprint new program will make progress report about Dec. 1. Full report will be due in early 1957.

Committee head: Benjamin F. Fairless, retired head U. S. Steel Corp.

Fairless group will look at all phases of foreign aid--it's purpose, methods, value to America.

▶FIRST COMPANY TO ORDER high-speed jet airplanes for executive transport is Continental Can Company.

Plane's Fairchild M-185, high wing, 10 place transport powered by 4 jet engines.

Speed: About 550 mph, at altitudes up to 45,000 feet.

Company will get 3, probably in 1960.

▶LOOK FOR: Aircraft industry to spend $1 billion for research, development in coming 5 years--equal to total spent since World War II. . .

Older people to have more money to spend. Four federally aided public assistance programs rose $66.9 million (to $2.8 billion) in past year. . .

Nation's advertising expenditures to reach $10 billion this year, up from $9.2 billion last year.

Military reserve training to become bigger problem for more firms as number of reservists increases. See page 62.

Letters from businessmen

Routes it around

Congratulations and thank you for the helpful facts in the July issue of NATION'S BUSINESS.

Since actions speak louder than words, please note from the attached routing slip just how many of my associates have been drawn into reading this excellent accumulation of articles—and I predict you have not heard the last of our group.

F. E. SCHUCHMAN,
President,
Homestead Valve Manufacturing Co.,
Coraopolis, Pa.

▶*12 of his 27 associates.*

Hiring tips

May I comment on an article in the August issue entitled "Hiring Tips You Can Use." This is one of the most practical and enlightening articles on this topic I have read for a long time. Thank you for publishing such up to the minute and realistic information.

If it is possible to purchase reprints I would be very interested in obtaining some for use in orientation and supervisor meetings.

D. MACPHERSON,
Training Supervisor,
Liberty Mutual,
Philadelphia, Pa.

We at Worthington Corporation have enjoyed reading "Hiring Tips You Can Use." Will you kindly advise if we may secure reprints?

JOHN R. GOIONE,
Employment Manager,
Worthington Corporation,
Harrison, N. J.

▶*Reprints available. 854 distributed so far.*

Significant aspect

I was very pleased to see the excellently written "Pre-convention Look at Platforms" article in the August issue of NATION'S BUSINESS. The article represents a type of general reporting on a significant aspect of our national life which most business publications tend to overlook. I hope you'll continue to offer your readers stories of this nature.

STEWART EPLEY,
New York, N. Y.

Weak spot

As a long-time subscriber to NATION'S BUSINESS we sincerely state the August issue is of great value, in line with previous issues. Of special interest to us is "Small Firms Find Success Formula."

In our work for various manufacturers we are directing the above mentioned article to their attention. In each instance real interest was shown by the top officials. All agreed that the five points listed in the article are principles which must be adopted by small companies if they are successfully to meet competition.

However, one of the weak spots in the administration of small companies is the general lack of comprehension by top management as to the need to control cost of distribution. Large companies realize the value of general traffic department management in controlling cost, but on the whole the smaller companies ignore this vital phase.

HENRY G. ELWELL,
President,
Elwell, Philips & Company, Inc.,
Elizabeth, N. J.

November 6

Just a word to express my personal gratitude for the editorial support you are giving the rapidly expanding "Register, Inform Yourself and Vote" movement in your August issue. Your help should give tremendous impetus to this great citizenship undertaking and I want you to know that I am deeply appreciative.

JOHN C. CORNELIUS,
President,
The American Heritage Foundation,
New York, N. Y.

Schoolroom crisis

In the June issue is an article entitled "Crisis Building Up in College Classrooms." This seems to be a particularly significant article relating to an increasingly important problem. If reprints are available, I should like to order 50. Several parts, particularly the section entitled "What's Being Done," had material which could be used for wider distribution. May we have permission to quote from this article?

CLARENCE E. FISHBURN,
San Diego State College,
San Diego, Calif.

Developing managers

Our company is continuing its Management Development Conference Program this year with a new series of sessions. We are very anxious to obtain for use in these con-

When shipping was slow how the boss used to roar
He'd shatter the windows and splinter the door

Now he's patched up his shipping, he's found out at last
That **RAILWAY EXPRESS** is dependably fast!

The big difference is

RAILWAY EXPRESS AGENCY

Whether you're sending or receiving, whether your shipment is big or small, whether you're shipping here or abroad—always specify Railway Express. You'll find it makes the big difference in speed, economy, and safe, sure delivery. And now you can make fast, economical shipments via Railway Express Agency's new international air and surface connections. It's the complete shipping service, free enterprise at its best.

. . . safe, swift, sure

Railway Express International Service now includes affiliations with: SEABOARD & WESTERN (and connecting carriers) TACA . . . TAN AIRLINES · also SCHENKER & CO. and the AMERICAN EXPRESS COMPANY foreign connections.

ferences 1,500 reprints each of the following articles, "How to Make a Business Decision," (April), "How to Delegate Responsibility" (May).

R. M. NORMAN,
Manager,
Personnel Research,
General Mills, Inc.,
Minneapolis, Minn.

It's possible

An article entitled "9 Ways to Measure Your Managers," appeared in the July NATION'S BUSINESS. Since it is so beneficial for managers I would like to have 20 reprints of it if possible.

H. C. OTIS, JR.,
Executive Vice Pres.,
Otis Engineering Corporation,
Dallas, Tex.

▶*534 requests for 7,123 reprints so far.*

Small-patch benefits

We would like to compliment Louis Cassels on the research which went into "New Weed Killers Save Industry Millions" [August issue]. Naturally you emphasized the dramatic savings which this new science affords utilities and large industrial landholders. May we add that companies concerned with one-half acre or less may enjoy even higher proportions of benefits, since a well planned chemical weed control program reduces a fire hazard, eliminates vexing seasonal labor loads, improves plant security and does away with preventable time-lost accidents from ivy poisoning.

F. S. KIRKPATRICK,
Western Soil Management Division
Newark, N. J.

A visual aid

Enclosed is a check for $1 for 20 copies of the reprint "How to Make Facts Stand Out," in the June issue. This article should assist us in preparing charts that will make for better presentations. We have found visual aids important in getting a message across. Your article made a lot of sense.

R. B. TUFTS,
General Electric Company,
New York, N.Y.

Business in politics

I think you should be congratulated on the article in NATION'S BUSINESS entitled "Business in Politics." Several of my associates have told me what a good job this is.

A. D. MARSHALL, *Vice Pres.,*
General Dynamics Corporation,
New York, N.Y.

For key people

We like your magazine. It frequently contains articles and information of considerable value to those operating businesses—we would like more of our key people to receive it.

RAY H. BRUNDIGE, *Vice Pres.,*
Columbia Terminals Company,
St. Louis, Mo.

World-beater!

The American farmer of today, with power machines, can produce ten times more than the farmer of a century ago. Here's how banks help.

Today's farmer has a right to sit proudly on the American horizon.

His is a place of honor because no other farmer in history has been able to produce so much food for so many people.

Rich Harvest

Astride modern machines, a mere 13.5% of our population is able to grow and harvest all that 167 million people can eat and wear, with enough left over to help feed millions in foreign countries.

The primary credit for this production of plenty belongs to the men who work the soil. But the farm machinery industry also deserves a big share of applause. And other people have lent a hand, too. Hybrid seed breeders, agricultural colleges, fertilizer manufacturers and commercial banks, are among those who have contributed.

Impact of Banking

As for banks, they lend money and provide other services to farmers. They also make loans to manufacturers and distributors of farm machinery and equipment in every section of our country.

Thus, the services of commercial banks contribute to the progress of American agriculture and to the well-being of the entire nation.

THE
CHASE
MANHATTAN
BANK

NEW YORK 15, N. Y.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

PROGRESS:

Youngsters target in specialist program

BUSINESS is spending more than a half billion dollars this year to help schools turn out the engineers, scientists and other specialized workers the country needs.

The amount is expected to grow in the next few years as more firms join in the effort.

About a dozen companies already have comprehensive programs reaching down from college graduate schools into the elementary grades.

Thousands of other companies and officials are concentrating on one or more aspects of the problem.

Some are working close to home. Others are taking action all over the nation.

Hundreds of business firms are sending their subprofessional employes to evening classes at engineering colleges. This year, for instance, Sperry Gyroscope Company is paying, on an average, half the tuition for 600 employes who are working toward engineering degrees.

At the postgraduate level some firms are paying their engineering employes to do graduate work at nearby colleges. Others, such as I.B.M., United Aircraft Corporation and General Electric have organized their own graduate schools on company property.

Businessmen are also modernizing and increasing college science and engineering facilities. A large share of U. S. Steel's $1,052,000 educational aid program for colleges last year, for example, was earmarked for capital grants. In this field, several firms are constructing specific types of laboratory buildings at various colleges and some are promising as much as $100,000 a year to keep the labs going.

Where schools lack enough faculty members, firms are sending top men to teach full-time and part-time.

Industry is also taking steps to keep bright young graduates in school as potential professors. Shell, Westinghouse, Ford, National Carbide, Standard Oil and several other firms are making millions of dollars available for postgraduate fellowships leading to teaching assignments.

For existing college faculties, industry is directing its efforts toward halting their shift to better paying jobs in private industry.

One technique for holding professors in college is to give them salary increases. Several firms are contributing large sums for this purpose. Most spectacular is the effort of the Ford Foundation, which gave $50 million and then another $210 million to boost faculty pay. Many individual industrialists are endowing chairs at various colleges, thus ensuring the appointment of a high quality professor at a good salary.

Other firms supplement college teachers' pay by providing faculty members with summer jobs.

Some professors are getting salary step-ups through industry's grants for basic research. This past year, du Pont's grants for this purpose totaled $279,000.

Below the college level, industry is active in interesting and motivating youngsters toward science.

The job taken on in the lower educational level falls within a three-phase program. Its aims are: 1, to interest more Americans in becoming high school science teachers; 2, to give existing teachers the opportunity to grow professionally and learn more about their subjects; and 3, to provide incentives to youngsters.

One common method is to make money grants to colleges with the idea that the colleges will then offer scholarships to students who will take science teaching degrees.

Industry is also probing ways to improve college training of high school science teachers. At Marquette, the Burroughs Adding Machine Co. is sponsoring a program to improve high school math teaching. An annual $100,000 program at Columbia is devoted to retraining professors who instruct potential science teachers.

Varied activities are also underway to improve the teachers already in the classroom. Some companies pay for graduate training for science teachers. Other firms and associations offer recognition awards to outstanding science teachers.

Perhaps the largest amount of money spent on present science

Nothing like it under the sun

Presenting the exciting new Fairchild F-27... an airliner in a class all by itself.

Here is propjet performance in tune with tomorrow: 280 mph cruise — 2250 mile range. Here is short-field performance ideal for local service routes. Takeoff run at gross weight only 3850 feet — landing distance at maximum gross weight only 3000 feet!

Generous in cabin capacity and pressurized comfort, the F-27 seats up to 40 passengers. Its wide panoramic windows make for magnificent views.

Economical too, the F-27 costs less to operate, even at low level, town-to-town hops. Costs less to maintain, less to buy . . . priced at $540,000.*

* AIRLINE: PLUG IN RADIO UNITS EXTRA.
EXECUTIVE: PLUG IN RADIO UNITS AND CABIN INTERIORS EXTRA.

FAIRCHILD
F-27 *Friendship*

THE FINEST AIRCRAFT FOR AIRLINES
CORPORATIONS AND MILITARY SERVICES

Address inquiries to: R. James Pfeiffer, Executive Director of Customer Relations, Fairchild Engine and Airplane Corporation, Hagerstown 15, Md.

teacher improvement work goes for financing expense-free summer instruction at various colleges. This past summer thousands of high school science teachers participated in such four to eight week sessions as the guests of dozens of firms, including Shell, General Electric, Marathon Paper, Westinghouse, Crown-Zellerbach, Du Pont and Phelps-Stokes.

All this effort on behalf of high school teachers is keyed to one goal—interesting and motivating youngsters toward science careers. Some concerns are hitting this problem from other angles. Textbooks, for instance, are getting special scrutiny. Many are outmoded, dull or written in a talk-down manner.

Business has also undertaken to stimulate pupils to study science and read the textbooks.

Some concerns are providing outside reading in the field of science for youngsters.

Still other industrial firms are providing schools with instructional films on different occupations and processes. In one school classes using films did 34 per cent better in exams than those that didn't. Many firms are lending and donating laboratory equipment.

Hundreds of other companies are making science more realistic by bringing youngsters in personal contact with their work by means of plant tours.

Thousands of engineers and scientists are serving as advisers to science clubs and local science fairs where students display and operate science projects.

Still other company technologists are extending the personal contact approach by serving as student counselors.

Statistics show that only half of those in the upper-quarter I. Q. bracket go through college. Financing is a chief discouragement. To correct this situation, industry is making scholarships available for bright youngsters. Among these programs are the Westinghouse Annual Science Talent Search scholarships with awards to 40 finalists; the General Motors scholarships going to 400 youngsters and the National Merit Scholarship Program, a multimillion dollar annual nationwide high school talent search contributed to by such companies as Ford, Sears Roebuck, and B. F. Goodrich.

Industry is demonstrating that as Rear Admiral Hyman G. Rickover has said, "In present-day America, the business corporation is not a business device alone. It has become a social institution and has acquired the obligations inherent in this concept."—ALFRED STEINBERG

Trends
of Nation's Business

THE STATE OF THE NATION BY FELIX MORLEY

Two words that Russia hates

MILITARY rivalry between the United States and Russia can be expressed in precise terms. At any given moment each side has a numerically ascertainable stockpile of nuclear bombs, a definite quantity of airplanes built and projected, a certain number of warships and a calculable gross national product behind all of its armament.

Neither John Smith in Keokuk nor Ivan Ivanovitch in Kiev has this statistical information, but a great deal of it is undoubtedly known in their respective national capitals. It is the primary duty of defense departments to be well informed on the material strength of their own nation and on that of any potential enemy. There is no reason to think that this duty is not efficiently fulfilled, both in Washington and in Moscow.

A result of this competition in calculable armament is the present condition of military stalemate, rendered more complete by the realization that any use of nuclear weapons by either side would be immeasurably disastrous to both. And it is this close balance of physical strength, we may be sure, that fundamentally explains the recent pronounced shift in Kremlin strategy—from military to more broadly economic competition.

• • •

Most Americans fully realize that this dramatic change does not of itself imply peaceful co-existence. Nevertheless, the character of the cold war has been substantially altered by the change from a measurable rivalry to a much more pervasive and subtle form of conflict. What some of us fail to consider is that for John Smith, as contrasted with Ivan, responsibility for the outcome is now more personally focused; no longer vested in the Department of Defense or any other government office.

That is because the socialist economy is necessarily directed and controlled by bureaucrats, whereas the free economy is responsive to popular demand. Viewing the fruits of our economic system we naturally conclude that it is immeasurably superior to that which prevails behind the Iron Curtain. But there is one advantage in the hands of the Russian leaders which has to be confronted. It was suggested by Assistant Secretary of Commerce Harold C. McClellan in his important interview with NATION'S BUSINESS for August. "It will take the best we have," said Mr. McClellan, "to beat back this Red economic offensive." This solemn warning richly deserves consideration.

Russia's great asset is the ability of its totalitarian government to concentrate all of its mobilized economic resources for any given task, at any moment. If the Kremlin decides that there is diplomatic advantage in building a dam for Egypt, or in buying Burma's rice crop, immediate action to these ends can be taken, even if Russia herself is short of cement and has a plethora of rice. There is no legislative body, no public opinion and no free market that needs to be considered or consulted.

This communist advantage is actually more

apparent than real. It is like the temporary gain made by the marathon runner who overstrains himself to take the lead as the long race begins. Unquestionably the staying power of the capitalist system is far greater than that of communism, if it is supported and understood by the people it serves.

But the proviso is important. And there is all too much reason to fear that many Americans today have little or no appreciation of the economic system which, under restricted government, has given us such unparalleled prosperity. Indeed, the widespread ignorance in this field is both revealed and emphasized by the utter economic nonsense which can be used as bait for votes in an election year.

• • •

There are many current endeavors to spread a better understanding of what is meant by, and involved in, free enterprise. And it is significant that one of these educational efforts has been especially effective in arousing communist resentment. This particular target for Russian wrath is the intentional promotion of a general investment interest in common stocks. Coming at a time of prolonged prosperity this growth of "people's capitalism," as it is aptly called, has aroused quite disproportionate Soviet resentment. It is not the obvious risk assumed by the untutored American investor on which criticism concentrates. What most disturbs the communists is the diffusion of corporate ownership that is rapidly taking place in the United States, and the consequent obliteration of the class lines, between owner and employe, on which the whole theory of Marxism depends.

During the past summer, for instance, the Dean of Russian economists, Dr. Eugene Varga, now 76 years old, has been pulled from retirement to write long and vehement articles denying that "people's capitalism" in the United States is correctly named. "The fact that a worker receives some income from shares," says Dr. Varga defensively in one of these articles, "in no way alters his status as a toiler exploited by real capitalists. . . ." The implication is that one does not become a capitalist by owning five shares in X corporation, but does mysteriously move into the class of "exploiters" if a larger number is purchased.

In a second article denouncing "people's capitalism" Dr. Varga is so disturbed that he quotes the Gospel—"Man shall not live by bread alone"—surely a sign of desperation in any communist. Some American workers, he admits sorrowfully "are of course still better off materially than certain categories of Soviet workers." But: "In all the nonmaterial spheres of life the Soviet worker is on a much higher level than the American." Perhaps this unspecified "higher level" is the Arctic Circle, above which the Soviet worker will find himself in concentration camp, if he protests too much.

The eminent Dr. Varga, in other words, is evidently needled both by the effectiveness of the phrase, "people's capitalism," and by the steadily widening distribution of American corporate ownership which justifies the term. He will, I feel sure, deeply resent a novel in which I have fancifully described the conversion of a Russian communist to the American Way through the operation of people's capitalism. And certainly a vitriolic Varga blast would be welcomed by my publishers!

• • •

Official Soviet resentment of this puerile character is an encouraging sign that Americans can bring communism to a standstill not only in the relatively simple competition of armament but, more significantly, in the ideological contest. Victory in the war of ideas, however, demands a productive capacity that cannot be measured statistically.

In this struggle we cannot, as in the field of military defense, rely on the planning and inside information of a handful of able officers and officials. People's capitalism, as the phrase implies, depends for its success on popular participation and democratic education. People's socialism can and must be enforced from the top down. People's capitalism can and must grow from the bottom up. Such growth, however, can scarcely be expected until some instruction as to the nature of capitalism is regarded as a normal part of public education, which is not now the case. In the field of economics we certainly have too much segregation, separating all high school students from any understanding of the principles on which American business operates.

Especially it must be realized that the greater the distribution of private ownership, the greater the spread of the individual risk as well as of the potential individual gain involved. Indeed it is precisely this element of risk that most sharply differentiates our system from that "guaranteed security" of life in Russia on which Dr. Varga dilates.

Ours is a system designed for the brave rather than the timorous; for those who love liberty as opposed to those who embrace serfdom; for those who are eager to learn as distinct from those content with indoctrination.

But the price of that superior system is the honest acceptance of risk, and courageous endurance of all the consequences when the risk fails to pan out.

Now that a photocopier costs less than an office typewriter . . .

Large companies will find that putting a new Signet Copier in *each department* is every bit as practical as having a typewriter at each secretary's desk. Ends costly "travel" to duplicating room and waiting in line for copies. Speeds communications with other departments and customers—everyone gets copies soon as needed.

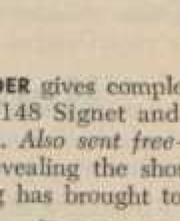
"One-man" offices can now enjoy the 101 short cuts Verifax copying has brought to thousands of companies. For example—answer mail without dictation and typing; do "all-day" retyping jobs in 15 minutes. Eliminating only one page of typing per day, saves Signet's cost in less than a year.

Kodak's new VERIFAX *Signet* COPIER . . . only $148

DOES MORE! This sensational copier makes 5 copies in 1 minute for just 2½¢ each. Does many jobs beyond scope of ordinary copiers—for example, makes copies on pre-printed office forms . . . and on both sides of standard copy paper. Even makes an offset plate in 1 minute for less than 20¢, using low-cost adapter.

MISSES NOTHING! Verifax copies are photo-exact from top to bottom—especially important when you're copying legal papers and accounting records with all types of ink writing. No worries about deterioration, either—Verifax copies will last fully as long as any typewritten record used today.

NEW FREE FOLDER gives complete details on new $148 Signet and other Verifax Copiers. *Also sent free*—valuable booklet revealing the short cuts Verifax copying has brought to thousands of offices.



MAIL COUPON TODAY

EASTMAN KODAK COMPANY, *Business Photo Methods Division* 56-10
343 State St., Rochester 4, N. Y.
Gentlemen: Please send free Signet folder, "Short Cuts" booklet, and names of near-by dealers. No obligation.

Name__________ Position__________

Company__________ Street__________

City__________ State__________

Kodak
TRADEMARK

Trends
of Nation's Business

LIEBERMAN—BLACK STAR

WASHINGTON MOOD

BY EDWARD T. FOLLIARD

Presidential candidates dazzle voters with unmatched promises

NEVER in our political history have the voters been wooed with such dazzling promises as in this campaign of 1956.

Adlai E. Stevenson promises a New America—a land free of poverty, of ever greater abundance, to be shared by all.

President Eisenhower has called his Democratic rival and raised him, holding up the vision of a New World—"a brave and shining new world," as he puts it, more bountiful, healthier, friendlier, and at peace "for all time."

There has been no challenge of these promises, no charge that they are extravagant or utopian. The fact is, they have not caused so much as the raising of an eyebrow. Why is this? The answer must be that the United States has made such giant strides to get where it is, pre-eminent among the nations of the world, that Americans just take it for granted that a wondrous future lies ahead, a future in which happiness not only may be pursued, as the Founding Fathers promised, but captured.

Thus far have we come since William McKinley was pledging himself to the "full dinner pail" in his battle with William Jennings Bryan in 1896.

The problem this time was much more difficult for candidate Stevenson than it was for President Eisenhower. The Illinois statesman was confronted with the fact that the United States (most of it, at any rate) is enjoying an unprecedented prosperity, and 66 million Americans have jobs.

What was he to do in the face of this situation? To deny that there was prosperity would have made him look like a fool, which Mr. Stevenson certainly is not. To have simply argued, as some of his lieutenants have done, that the prosperity is really a legacy from the Democrats to the Republicans would have been to acknowledge that the Eisenhower Administration has at least been able to maintain the good times.

• • •

Adlai, like most presidential candidates when they are on the side of the "outs," wanted to attack. He also wanted to offer something better.

Hence his promise of a New America.

He argues that the Eisenhower Administration has become stalled in the middle of the road just when it was on the threshold of the New America. He says that the Administration has "smothered us in smiles and complacency" while America's social and economic advancement has "ground to a halt," and her leadership in the world has become "imperiled."

Yes, he says, there is prosperity, but it is a "lopsided prosperity." He would use America's abundance to enrich all, but especially the little fellow who, he says, has been neglected by the Republicans—the family farmer, the small businessman, and those struggling to pay today's prices on yesterday's pension.

"I say it is time to get up and get moving again," the Democratic standard-bearer declares. "It is time for America to be herself again."

President Eisenhower, who calls himself a novice at politics but who really is a very shrewd practitioner of the art, might have based his campaign for a second term simply on the basis of his popularity and his record. Some of his advisers assured him that he needed to do no more. However, the soldier-statesman knows this much about his countrymen—that they are rarely content with the status quo, no matter how bright that may seem, and that they have a driving ambition to reach higher and higher goals.

The Chief Executive has set his sights accord-

ingly. In his campaign for re-election, he envisions a wonderful "new era." His theme, as he has put it with his story of the Washington taxicab driver, is, "You ain't seen nothing yet."

In his picture of the future, "backbreaking toil and long hours will not be necessary." Crippling disease will be greatly reduced. We will all have more time for recreation and for reflection. We will all have more of the good things of life. The Iron Curtain, now raised a little, will go higher. We will travel all over the world swiftly and at cheap rates, and so come to "know our brothers abroad." Along with this will be not only "peace in our time," but "peace for all time."

The cynic may say that both President Eisenhower and Adlai Stevenson have gone too far, that both are guilty of demagoguery. And the cynic might be right.

• • •

It must be said, however, that history is on the side of the American politician with vision—the dreamer, if you like. Go back over our presidential campaigns for a century or more, and you will find this: Not only were the seemingly far-fetched promises of the past realized; invariably they were surpassed.

In the campaign of 1840, William Henry Harrison, the successful Whig candidate for President, promised "two dollars a day and roast beef." It must have seemed like a whopper of a promise at the time, even though men then worked 12 or more hours a day. On the basis of a six-day week, $2 a day would have meant an income of $626 a year.

In the campaign of 1928, which came at the high tide of Coolidge prosperity, ebullient Republicans backing Herbert Hoover promised "two chickens in every pot" and "two cars in every garage." The slogans became a mockery once the depression came in the Hoover Administration. Now, 24 years later, however, two chickens in a pot and two cars in a garage are commonplace in the United States, even among people who by no means consider themselves rich.

If this piece has seemed to bear down hard on economics, it is because the politicians themselves are stressing what they call the bread-and-butter issue.

As the '56 campaign moves into the stretch, the situation in the rival political camps may be summed up briefly as follows:

Republican: Supreme confidence in a November victory, provided that President Eisenhower does not experience a setback in his health.

Democratic: Acknowledgment that Adlai Stevenson has an uphill fight. . . . A fierce determination to battle right down to the finish line, coupled with a hope that there may be some unforeseen "breaks."

Curiously, both the Republicans and the Democrats believe they have advantages that they lacked in '52.

President Eisenhower, the G.O.P. points out, had to ask the voters to elect him four years ago on the basis of promises; this time he is asking for reelection on the basis of promises fulfilled—notably an ending of the war in Korea, a balanced budget, reduced taxes, and a booming economy.

Adlai Stevenson, the Democrats remind you, is far better known now than he was four years ago. They point out, too, that the Democratic ticket is stronger; that is, that Mr. Stevenson has in Senator Estes Kefauver of Tennessee a running mate who is a much more effective campaigner and vote-getter than was Senator John Sparkman of Alabama in '52.

They claim another advantage for Adlai, but only in private. They think it was a break for him when former President Harry S. Truman attacked him as "a conservative" at Chicago and tried to keep the nomination away from him. They argue that Mr. Stevenson stands before the voters today as his own man, under obligation to no individual or bloc in his party.

• • •

Perhaps the biggest difference between 1952 and 1956, where the Democrats are concerned, is the nature of their campaign. Pros are now handling tactics and strategy. With Jim Finnegan masterminding, the Democrats are out to conduct an old-fashioned, door-to-door, bellringing type of campaign. They are proceeding on the premise (backed up by the Gallup Poll) that there are far more Democrats than Republicans in the country, and that if these can be kept in line, along with a respectable number of independents, the Stevenson-Kefauver ticket can win.

I suppose that a confidential poll among Washington political reporters would show that a heavy majority anticipate a victory for the Eisenhower-Nixon ticket. They find it hard to believe that a popular President, who carried 39 out of 48 states in '52, could lose against the same opponent four years later in a time of peace and prosperity.

However, having been embarrassed by the Truman-Dewey race in 1948, and having in mind President Eisenhower's heart attack and ileitis operation, these political writers prefer to hold back for a while this year.

Some of them have in mind the classic remark of Humphrey Finney, a noted Maryland turf expert, on the eve of a Kentucky Derby. A certain horse was an overwhelming favorite to win the big race, and most horsemen were saying that it was all over before it started.

"Well," said Finney, "they still have to go around the track."

How to keep profits up when production breaks down

It's happened! An essential machine is damaged beyond repair. Meanwhile, the plant's production has come to a profitless standstill—or is limping along with the help of substitute equipment.

The cost of repairing machinery after a breakdown is usually small compared to the loss due to a halt in production.

Travelers Business Interruption (Use and Occupancy) insurance will sustain your profits and cover these losses for you.

The Boiler and Machinery policy not only pays for the cost of repairs—but also pays your normal profits, and the fixed charges and continuing expenses an idle plant does not earn.

This policy also provides the services of a large and competent Accident Prevention and Loss Control engineering staff. They can help you prevent production breakdowns—or help put your plant back in operation as quickly as possible when breakdowns occur.

Why not arrange with your Travelers agent for an analysis of the loss exposures in your plant and have him quote rates for you. He will be pleased to meet with you, at your convenience.

YOU WILL BE WELL SERVED BY

THE TRAVELERS

INSURANCE COMPANIES, HARTFORD 15, CONNECTICUT

All forms of personal and business insurance including
Life • Accident • Group • Fire • Automobile • Casualty • Bonds

There's still time to

BUILD A QUALITY BUILDING BEFORE WINTER

Build a **Butler metal building,** *and do business all winter... be months and money ahead!*

You can be in business making money on your building investment all winter when you build a Butler. Butler Metal Buildings go up weeks to months faster than conventional construction. Here's why:

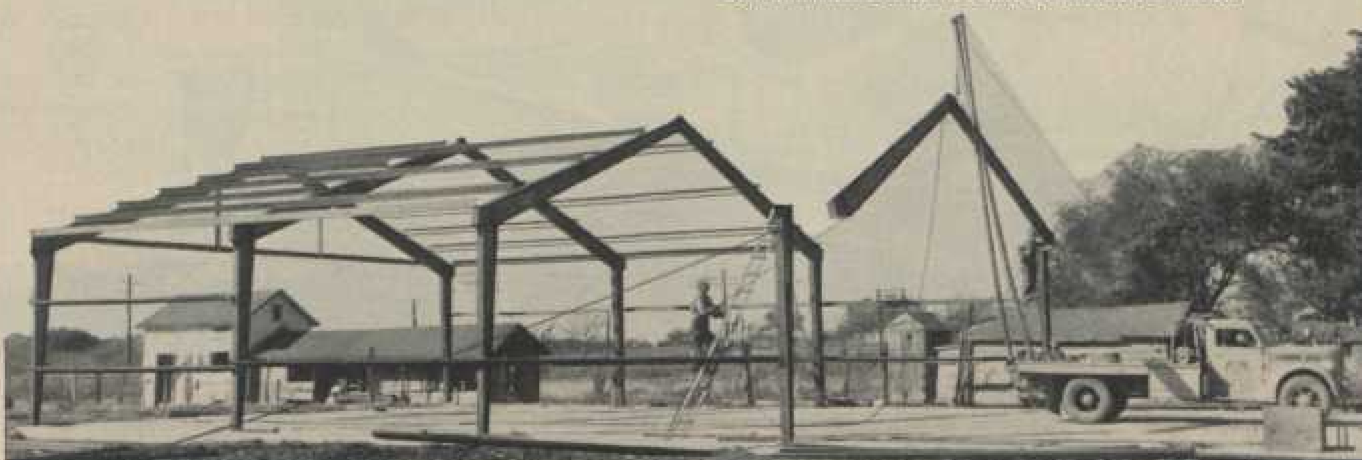
1. Engineering delay eliminated—Butler buildings are already engineered, at the time you sign the order, to conform to uniform provincial and municipal codes.

2. Components shipped from stock—Butler's broad selection of heights, widths and bay lengths permits an inventory of sizes to satisfy virtually every requirement. There are no delays for custom fabrication. Components are at the site before the foundation concrete is cured.

3. Fast erection—Mass production insures a perfect fit of all parts for fast assembly—in days rather than weeks or months. What's more, your Butler Builder maintains a team of efficient construction specialists, who put up Butler buildings fast . . . with meticulous precision.

4. Faster interior work—A Butler building is completely enclosed before even the structurals would be up on a conventional building. This permits interior work to start sooner and proceed smoothly without weather delays.

So why delay your building plans till spring? Build now . . . with Butler . . . and be in before winter!



Although this Butler metal building has ample strength to support heavy snow loads, snow has a tendency to slide off the gable roof.

This weather-tight Butler metal building presents a firm barrier to snow, high winds, sleet. It protects its contents winter and summer.

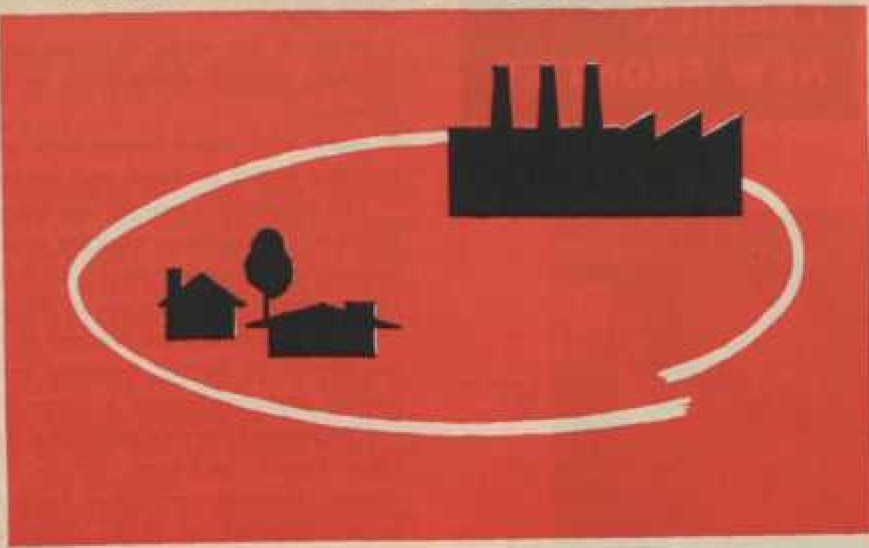
For a fast start on your new building, call your Butler Builder He's listed under "Buildings" in the Yellow Pages

BUTLER MANUFACTURING COMPANY

7456 East 13th Street, Kansas City 26, Missouri

Manufacturers of Steel Buildings • Oil Equipment • Farm Equipment • Dry Cleaners Equipment • Outdoor Advertising Equipment • Special Products

Sales offices in Los Angeles, Richmond, Calif. • Houston, Texas • Birmingham, Ala. • Minneapolis, Minn. • Chicago, Ill. • Detroit, Mich. • New York and Syracuse, N.Y. • Washington, D.C. • Burlington, Ont., Can.



YOUR COMMUNITY: LABOR'S NEW FRONTIER

These local activities can draw workers further from employers, closer to unions

BUSINESS efforts to win and hold the loyalty of workers and support of communities face serious challenge from the AFL-CIO.

The merged labor federation is giving new impetus to an intense community services program which can rechannel much of the employe and community good will which many businesses and business organizations have built up over the years.

If successful, a program of this type will diminish business influence among workers and the public. It will tend to make workers and the community more reliant on unions and thus add to labor's growing influence in the community as well as at the bargaining table.

New labor concern for adequate community welfare services underscores the trend of the past 20 years, during which workers have been pulled farther away from their employer and closer to the unions. Many activities which labor used to condemn as paternalistic when employers engaged in them are now being promoted by the unions as their responsibility.

Labor's community and political activity will likely increase still more as long-term labor contracts, shorter working hours, early retirement and longer living allow more time and provide more incentive to engage in these activities as well as create a greater need for them.

Five stated objectives of the AFL-CIO community services program are to get workers to:

▸ Know about the many available community social welfare services provided by voluntary agencies—such as those supported by Community Chests—and by public agencies, such as city and state welfare bureaus, courts, and federal agencies.

▸ Use these agencies in dealing with family or personal problems.

▸ Serve the agencies as board members or as volunteer workers in solici-

Their directive: "Unions have a responsibility for the... welfare of their members... which extends beyond the place of employment"

THEY LEAD COMMUNITY DRIVE

JOSEPH A. BEIRNE, *its chairman, plans greater impact for AFL-CIO community services activity*

LEO PERLIS, *director, says union leaders will be more effective if they are community leaders, too*

tation drives, blood donors, readers to the blind, aids at hospitals and in other ways.

▶ Support the agencies financially, preferably through fair share giving through payroll deductions in federated, once-a-year, community wide drives.

▶ Work with other community groups in seeking to expand and improve existing social services and create new ones.

The program is carried out through national and local union Community Services Committees working under the guidance of the national AFL-CIO committee. One hundred and ten labor representatives serve Community Chests and United Funds in 65 cities as full-time staff members.

Union members are trained to serve on agency boards or as local union counselors in formal training programs, complete with graduation ceremonies and certificates, in more than 100 cities.

Community service institutes have been held on alcoholism, mental and other health problems, family life, juvenile delinquency, cancer, heart disease, housing, recreation facilities, workmen's compensation, unemployment compensation, strike assistance, civil defense, disaster relief and other welfare subjects.

Special drives are also conducted by local committees all over the country. Such drives have been conducted in connection with polio shots in Dayton, Red Cross blood donations in Youngstown, chest X-rays in Trenton, a program for aged in Lansing, Mich.; surplus foods in Newark, N. J., and civil defense in Milwaukee.

In disasters, local community services committees cooperate with the Red Cross and other agencies in relief work, as in the floods which struck the East last year. In Detroit, the local committee worked out a plan with the Red Cross for handling emergency needs after a tornado. In Grand Rapids, Mich., the committee got busy when a Children's Home was destroyed by fire.

Even strikes are considered disasters and a responsibility of the community when strikers are in need. A strike assistance program is brought into action. Representatives of voluntary and government agencies are brought together to coordinate the assistance they can give strikers and their families. Landlords, banks and credit agencies are urged not to press for payments due. Food stores are asked to extend liberal credit.

During the recent five-week steel strike, for instance, AFL-CIO community service field representatives helped local union counselors handle two threatened evictions in San Francisco. In Newark, surplus food was obtained for needy strikers.

The AFL-CIO Community Services Committee has working relations with 70 national welfare agencies, including all of the well known ones such as American Red Cross, Legal Aid Society, YMCA, YWCA, Boy Scouts, Cancer Society, American Heart Association.

Sixty-five of the agencies have headquarters in New York City, where the AFL-CIO-CSC maintains offices separate from AFL-CIO headquarters.

AFL-CIO insists that, in return for its support and cooperation, persons whom labor recommends sit on the boards of these agencies and take active and constructive part in improving social work standards and practices.

Labor expects in five years to increase the AFL-CIO-CSC representatives on Community Chest and United Fund staffs from 110 to 175 and the representation on welfare agency, hospital, and other boards from 60,000 to 100,000. Members will be trained for effective service on boards.

In more than 100 cities, AFL-CIO is expanding training programs which have turned out more than 25,000 local union counselors who are available in places of employment to inform workers about, and refer them to, welfare agencies which might help them with a problem. (The counselors do not give professional advice.) The goal: 75,000 counselors, or one for every 200 union members.

Part of the AFL-CIO program is to see that unions share credit with employers for financial contributions of their members to welfare agencies.

This is made easier when contributions are made by means of payroll deduction.

Labor claims credit for about one third of the $340 million raised by Community Chests and United Funds in the 1955-56 campaign, with a similar proportion being contributed by corporations and by citizens generally.

It also cites a nationwide survey as indicating that last year, through new United Funds, workers contributed 80 per cent more and corporations 50 per cent more than they contributed previously to Community Chests.

A Health and Welfare Advisory Council of 15 topflight leaders in the field of social service has been set up by AFL-CIO for advice on how to improve the community services program.

While the AFL-CIO says increased activity in this field is a labor responsibility to serve the needs of the 60 million persons who are in the families of its 15 million members, labor leaders also see a more practical return from an effective community services program.

They recognize a successful program of this kind as a big help in furthering labor's organizing, bargaining and political objectives.

In organizing, for instance, it can help make unions more acceptable to nonunion workers and to a community which may have been cool to unionism.

John W. Livingston, director of the AFL-CIO's big organizing drive, points out that the 110 labor representatives on the Community Chests and United Funds staffs and the local Community Services Committees can be of special assistance to union members who may be discharged for union activity.

In collective bargaining, an effective AFL-CIO community services program can help strengthen the workers' loyalty to, and community support of, the union in its demands or in a strike, if one is called.

A successful program can also help further labor's political objectives by establishing unions in the public eye as useful, responsible and civic-minded organizations.

Leo Perlis, director of the Community Services Committee, denies any intention to further labor's public relations objectives, to buy worker loyalty, or to compete with business for worker and community support. If such results occur, he contends, they are only the by-product of the program's objective of serving the welfare needs not only of union members but of all citizens.

AFL-CIO President George Meany stresses that the main idea of labor participation in community services is to get union members to discharge their duties fully as citizens, just as he says they have done in the past in raising wage levels, increasing mass purchasing power, furthering public education and civil rights, and producing the weapons of war.

But Mr. Meany recognizes that, from the public viewpoint, the community services activity "can be characterized as good business for labor" because it brings the unions closer to the citizens.

William F. Schnitzler, AFL-CIO secretary-treasurer, describes the representatives on the staffs of Community Chests and United Funds agencies as salesmen who "carry the message outside the ranks of labor."

He justifies the community services program as consistent with labor's need to broaden its interests beyond the bargaining table to all phases of human consideration.

"We want more than wages for our members," he says. "A five-cent raise is insignificant if a worker must live in a city without recreation, health services and facilities for self-improvement."

Pension, health and welfare funds and other fringe benefits in labor contracts have helped focus labor's attention on available community services and the content and administration of social legislation.

Consideration is given to such things as:

▶ Having enough hospitals and doctors available to serve a worker's needs under his health insurance plan. *(continued on page 84)*

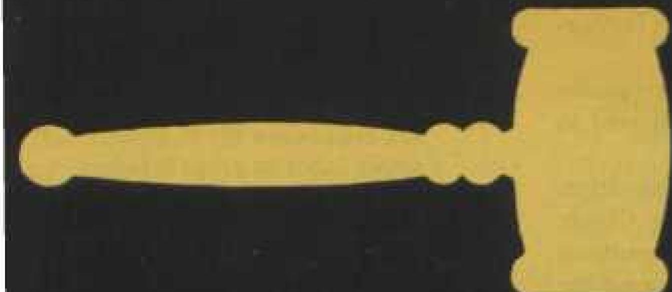
AFL-CIO LEADER *W. F. Schnitzler urges labor to press interest beyond bargaining table to all phases of human consideration*

"We want more than wages for our members"

WHAT BUSINESS CAN DO

To find out how business can tell its story to the community, read "Two steps improve business climate," beginning on **page 38**

all business will feel court decisions



Controversial Supreme Court will rule this session on labor relations, taxes, other vital issues that will affect your interests

THE WISE businessman will keep a close eye on the U. S. Supreme Court during the next eight months.

Chief Justice Earl Warren and his associate justices are just back from their summer vacations, and most Mondays from now until sometime next June they'll be handing down decisions affecting every aspect of business activity. Already on their agenda are major cases involving taxes, the antitrust laws, labor relations, pricing systems, patents, natural gas rates, stockholder suits, employer accident liability, condemnation proceedings and other economic issues.

Here are just a few of the questions on which the High Court will rule in the course of a term which promises to include an unusually large number of business interest cases:

▶ Can a court force a company to compete in particular foreign markets?

▶ Can labor unions tap their treasuries to finance political broadcasts?

▶ Does Du Pont's ownership of some 23 per cent of General Motors stock violate the antitrust laws?

▶ Can a court require a company to arbitrate union demands?

▶ Did World War II's War Production Board lawfully restrict rapid tax writeoffs on defense facilities to less than their full cost?

▶ Can a union be denied National Labor Relations Act protection because one of its officials falsely denied communist connections?

▶ When the government gave railroads rights-of-way across federal land, did it also give them rights to the mineral deposits under those rights-of-way?

▶ Can a Virginia resident sue a Missouri insurance company in New York City for an accident that occurred in Louisiana?

▶ Can the Federal Trade Commission forbid individual firms from using a zone delivered price system?

These, along with hundreds of others of special interest to businessmen, will be among the 1,700 to 2,000 cases which the Supreme Court will have disposed of by the time the summer recess rolls around again next June. The other rulings will deal with such varied matters as criminal convictions, divorces, civil rights, deportation of aliens, judicial procedures.

This year's decisions will be handed down by a Court sitting in the midst of its most explosive period since Franklin D. Roosevelt's controversial court-packing plan of 1937. The current explosion has been building up for some years, fired by a chain of decisions asserting the powers of the federal government over those of the states. But it reached its full force in the continuing furor which followed the recent decisions on segregation in the public schools.

The present dispute might be summed up this way: Critics of the Court claim its function is to interpret the Constitution, and that, instead, it is amending

the Constitution. Defenders assert that the Court is interpreting the Constitution, and that the attacks are coming from people who just don't happen to like the interpretations.

Ironically, the Court is now being attacked most bitterly by those who led its defense against FDR's attack in 1937, while the Court's defenders now are the "liberals" who were most critical of it 20 years ago.

The origin of the current controversy can perhaps be traced back to 1949 when the Court handed down its decision in the so-called tidelands case, giving the federal government control over the oil and other mineral deposits beneath the waters off U. S. shores. After considerable debate and discussion, Congress overturned that decision in 1953. The controversy was fired up again in the spring of 1954, when the Court ruled that the federal government, through the Federal Power Commission, was required to regulate natural gas rates. It flared to its present intense heat after the decisions on segregation in education and transportation and by other recent decisions such as those nullifying state sedition laws and state laws banning union shops for rail and air workers.

Dozens of bills were introduced in this past Congress to curb or overhaul the Court. These measures got nowhere, but will undoubtedly be heard of again when the 85th Congress gets rolling. The proposals range from one requiring all Supreme Court justices to have prior judicial experience in lower courts to another that would take away the Court's right to interpret federal statutes as overruling state law.

From all outward signs, the Court is unperturbed by the furor it has created, and plans to move through the coming 1956-57 session in its traditionally aloof fashion. It is impossible, of course, to predict what the justices will do in any particular pending case, but some observations on the Court's likely future course can be made, based on past performances.

Today, the Supreme Court seems to be in one of its rare periods of balance, in which neither a conservative extreme nor a liberal extreme has the clear upper hand. Instead, the "liberals" are in the ascendancy on some cases, the "conservatives" on others. This situation probably will remain even after Associate Justice Sherman Minton retires the 15th of this month.

The present "liberal" group, which generally favors greater federal control over business and the widest possible protection for individuals in matters of civil liberties and civil rights, includes Chief Justice Warren and Justices Hugo Black and William O. Douglas. The "conservatives," men who generally are more wary of extending federal powers in economic matters and who strive for balance between the rights of society and of individuals, are Justices Stanley F. Reed and Harold H. Burton. Justice Minton has been commonly considered in this group. The remaining three justices—Felix Frankfurter, Tom C. Clark and John M. Harlan—do not consistently side with either the liberal or conservative bloc. They are the swing men, and, holding the balance of power, usually determine the outcome of most cases on which the Court is closely divided.

Chief Justice Warren's clear alignment with Justices Black and Douglas was the major court development during the past 1955-56 term. During the last session, the liberal bloc had its greatest strength on the Court since 1949, when it lost two members through the deaths of Justices Wiley Rutledge and Frank Murphy. In the intervening years, Justices Black and Douglas operated pretty much as a two-man team, almost completely ineffectual on the nine-member court.

Chief Justice Warren lined himself up with the two lonely liberals both in majority opinions and in dissents. For example, when a four-man majority of the Court—two members abstained—threw out the government's antitrust suit charging Du Pont with a cellophane monopoly, it was the Chief Justice who, in a bitter dissent joined in by Justices Douglas and Black, charged the majority with "virtually emasculating" a major section of the antitrust laws. When six members of the Court ruled the state of Wisconsin had the right to halt mass picketing and union threats of violence during a strike, the Warren-Douglas-Black team warned that overlapping federal and state jurisdiction allowed by the majority would lead to "unseemly conflicts between state and federal agencies."

The same threesome dissented strongly when the majority ruled that civilian dependents of military men overseas could be tried by military courts martial, and that government officials could use secret evidence as the basis for refusing to suspend deportation orders.

Justices Warren, Black and Douglas helped form a majority of the Court on such key split decisions as these: outlawing state sedition laws; declaring that the Taft-Hartley law's cooling-off period can be applied only to economic strikes and not to those involving unfair labor practice charges; requiring employers in certain cases to disclose financial data to unions; and barring New York City from summarily firing a City College professor who had invoked the Fifth Amendment at a Senate hearing.

In addition to being one of the most controversial courts in many years, this Court is probably one of the oldest. The average age is just over 65. Senior members are the one-time New Dealers appointed by President Roosevelt. Justice Frankfurter is the oldest, at 74, closely followed by Justice Reed, who is almost 72, and Justice Black, who is almost 70. Youngest members are Justices Clark and Harlan, each 57.

Until Justice Minton's announcement, President Eisenhower had appointed only two justices—Chief Justice Warren and Justice Harlan. While the age of some of the members would seem to indicate that new vacancies should not be far distant, there's no real indication that any other member will step down soon.

Probably no branch of the U. S. government is more immersed in tradition and near-mysticism than the Supreme Court. This becomes especially clear on "Decision Mondays," when, promptly at noon, the nine justices, robed in black, pop out simultaneously through the velour drapes at the front of their beautifully ornate courtroom.

The Court Crier slowly intones: "Oyez, Oyez, Oyez! All persons having business before the Honorable, the Supreme Court of the United States, are admonished to draw near and give their attention, for the Court is now sitting. God save the United States and this Honorable Court."

The Chief Justice takes his seat in the center chair behind the long mahogany bench, the other justices fanning out on each side in order of seniority. Lawyers, many in cutaways, are presented for admission to practice before the Supreme Court. Then opinions are read by the justices, with the most junior member reading his first and the Chief Justice reading his last.

Most cases come before the Court on appeal from lower federal or state courts. On these cases, the High Court's first action is to decide whether the matter involves an issue important enough for Supreme Court review. The Court rejects about nine out of every 10 cases appealed to it, occasionally specifically upholding the lower court's action but more frequently merely noting that the matter is not important enough for Supreme Court consideration at that time.

(Continued on page 87)

New plan uncovers **management** talent

Employer of 300 adapts the principles of program designed to meet needs of Chrysler Corporation employing 11,000

A NEW procedure for evaluating managerial requirements and for training people to fit them has been developed by the Chrysler Corporation.

Although Chrysler has some 11,000 employes under study in its program, the plan is so generally applicable that the owner-operator of a 300 man concern developed and used part of it in his own business.

The plan is aimed at meeting three basic objectives:

1. Creating an over-all picture of the management group, showing present performance of each individual and his potential for greater responsibility.

2. Making it possible to locate both strong and weak areas of management within the company and thus recognize current problems and anticipate future ones.

3. Encourage better individual performance by establishing what is and will be expected of each management person—then letting him know where he stands and how he can prepare himself to move upward.

As a further plus value, the method provides a continuing perpetual inventory of abilities in relation to job requirements, making it possible to tell where managerial talent, latent and existing, is spread thin—or where it is overheavy.

The new procedure has been especially valuable in recent months. Chrysler has been reorganizing much of its line and staff activities and, in the midst of this reorganization, has suffered a number of high-level losses by death.

The data compiled in management development has been of significant aid in choosing men for advancement, for the changes in key top assignments of the company inevitably echoed downward to a number of the lowest levels of supervisory activity.

Before setting up the new plan Chrysler officials examined many other procedures in effect throughout industry, took what it felt were their best aspects and adapted them to their own specific needs and objectives.

The first step was to establish the goals. This was worked out by the Management Development Department, created less than two years ago. After those basic aims were approved, the department began to staff itself with management development coordinators and to move into its assignment.

A rough ratio of one staff man to each 300 of the management and supervisory group was decided on, a figure based on experiences in other companies with similar programs. A similar ratio might prove adaptable almost anywhere—particularly because Chrysler, like other multi-plant auto companies, is essentially organized as an agglomerate of smaller shops and businesses of varied nature.

There are three sections to the department—program planning and execution, research, and placement.

The program section guides actual evaluations and makes sure that executives responsible for making reports do them on time, despite other pressures.

The research section makes the statistical studies of these findings, in a form that helps to indicate strong as well as weak spots and leads to readjustments as needed.

The placement section aids in job realignments between departments, plants and divisions, seeking to avoid both rundowns of managerial strength and undue buildups as well.

The plan coordinates a variety of things. It locates and recognizes needs for additional training. It advances toward a goal of superior supervisory abilities. Its work inevitably helps to provide some aid to proper and adequate salary administration.

The first job within Chrysler's management development staff was to define what it would do and how it would do it. To begin with, the staff created rather precise definitions of management responsibility or position description. These marked off the area in which a particular supervisory person had responsibility, and indicated the degree of that responsibility—whether he could act independently, recommend action, approve action or otherwise move when a problem came up.

These definitions served as the basis for what is called a "performance evaluation sheet." These vary considerably, due to the diversity of operations covered. Yet each is developed so that the information it provides on the jobholder is a valuable index to his fitness for a like job of similar character in another location—or, more important, a better job when one becomes vacant.

The performance evaluation sheet may carry anywhere from 20 to 50 characteristics of the job under the microscope.

"Approve, assign and coordinate work schedules according to current and future needs" is one typical aspect listed for fourth level supervisors. "Enforce safety" is another.

A third may be to "direct, process and initiate paperwork necessary to maintain adequate records."

Other sheets include such traits as "effectively participate at meetings," and "analyze expense items and plan necessary controls."

After each of these characteristics is a series of five columns. In one

of these the evaluator checks off the showing of the jobholder: for example, unsatisfactory; less than expected; acceptable; more than expected; exceptional.

This evaluation sheet includes only ratable items, with concentration primarily on results obtained by the individual under study. Such generalities as tact, cooperation, initiative, personality and judgment are taken into account only as they have bearing on results in the specific characteristics considered. Such attributes are considered in another record sheet for all job classifications, gathered as an aid in judging potential of an individual, apart from his actual job performance.

The experience has been that setting down the job characteristics and the man's attitude for them has defined capability far more precisely than judgments formed without them, even after close association over a long period.

One superintendent had maintained for some time that a man under him was thoroughly ripe for advancement. He completed a performance evaluation on the man, and on four others, then reluctantly confessed to error.

"He's not as good as I thought he was," the superintendent admitted. "Now I can see that at least two others are better qualified to move up first."

Before the evaluation was completely ended, the superintendent had decided that his former favorite actually ranked last among the five reporting to him—his high capability in a few aspects had blotted out his inadequacies in a dozen others.

It works the other way, too, and sometimes with unusual dividends. One general superintendent, starting to rate a man he admittedly didn't like, went down the page in irritated fashion.

Suddenly he came to the one characteristic that had unconsciously upset him—the man didn't keep his superior informed of progress.

The subordinate was in charge of a second shift, and normally came on about the time the "Super" was leaving. He had been doing a good job and saw no reason to chase after the boss to tell him about it. The boss, thereupon, had the feeling the second shifter was avoiding him.

The coordinator suggested that the boss take time to drop over and chat a few times before going home. The result was a mutual gain in respect and confidence, and an admitted heightened appreciation of the new program on the part of both.

Writing up these evaluation sheets—as was their original preparation—is strictly an internal departmental job. The organization or line of operation with which it is concerned develops the description of the job in terms of its characteristics. The immediate superior of the man being analyzed fills in the blanks.

The staff coordinator, meanwhile, hovers on the edge of this picture, though he never directly intrudes. First, he helps develop the form, particularly from the standpoint of choosing language so words have similar meanings all through the corporation complex, and there can be no misunderstanding anywhere about definitions.

Then, as ratings are worked up, the coordinators help as may be needed so supervisors write a full and fair report, and carry it through to a sound conclusion.

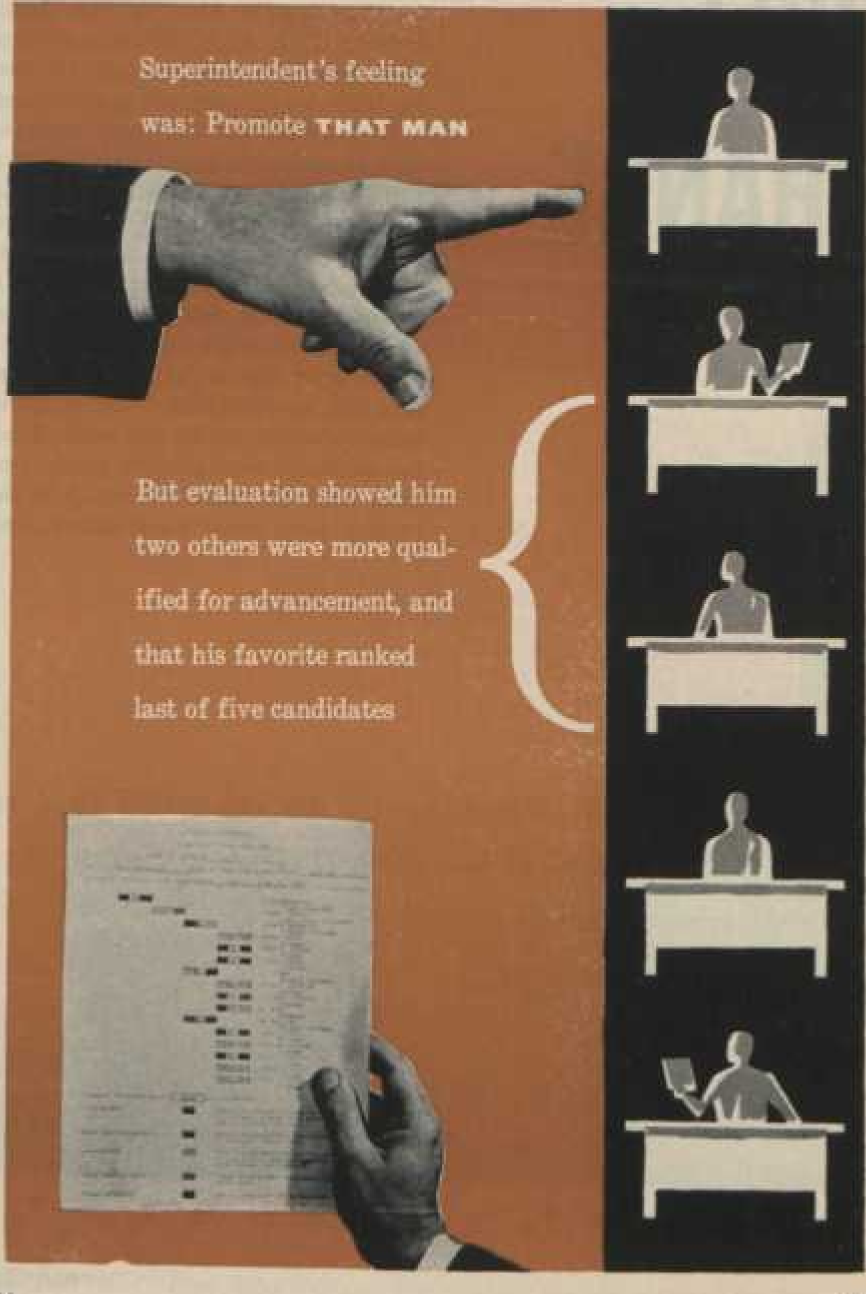
Obviously the coordinator's job calls for a high level of diplomacy. He must guide without dictating, advise without directing, knowing all along that the person carrying the responsibility is the one who must make ultimate decisions.

To walk this delicate path, the technique is for the coordinator to confer with the superior making the rating, then summarize a report from the individual determinants. He then brings the summary back to the supervisor, and joint discussion between them establishes whether it is a fair determination and rating.

Once that is settled, the rating supervisor reviews the appraisals with his own immediate superior—a kind of safety check point. After agreement there, the rating supervisor meets privately with the man under analysis, and discusses possible improvements.

This discussion is the real beginning of the management development procedure. What has gone before is essentially stage-setting for

(Continued on page 106)



HOW SALES PATTERN WILL CHANGE

PROJECTION OF INCOME and population trends shows 1965 retail sales of an estimated $285 billion.

That's $95 billion ahead of this year's volume, which—with prospects favoring the biggest Christmas sales volume ever—are expected to surpass $190 billion.

It means that sales in 1965 will come close to averaging $24 billion a month—compared to a current monthly average of $16 billion and a 1954 average of $14.2 billion.

Looking ahead to 1965, projections are based on new information contained in the latest Census of Business, now being completed by the U. S. Department of Commerce.

These figures show that America had one retail store for every 94 persons in 1954, with sales averaging $99,000 per store. Sales nationwide had increased 32 per cent in six years, and payrolls were up 36 per cent.

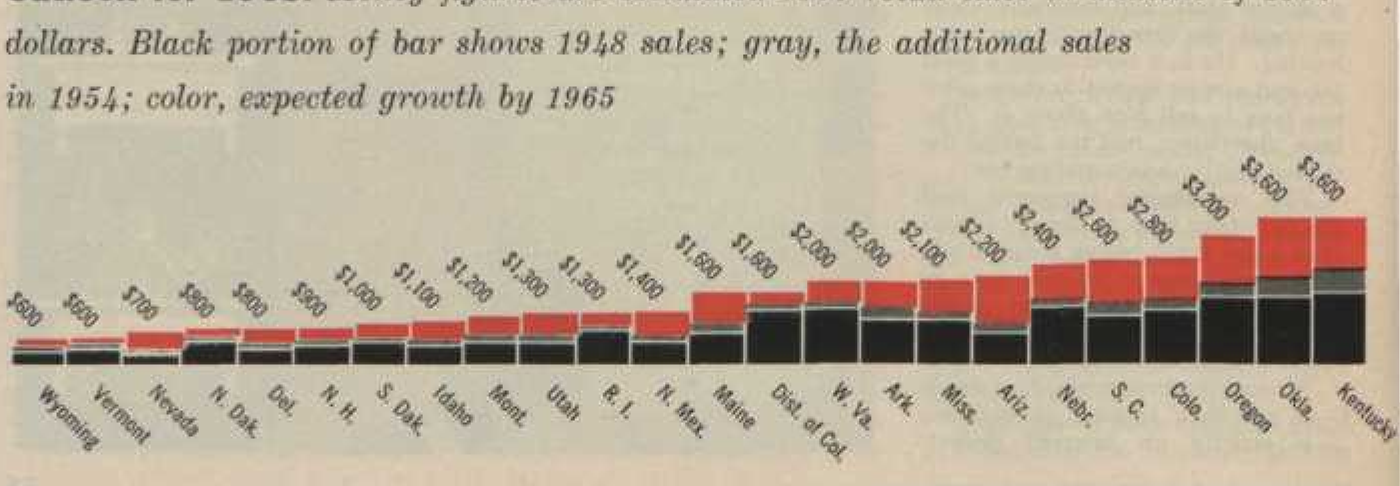
There were 1.7 million retail stores in 1954. They had sales totaling $170 billion, payrolls of $18.2 billion, and were staffed by 7.1 million employes plus an additional 1.8 million self-employed proprietors.

Leading the states in sales was New York with $18.1 billion. Next came California with $15.6 billion, Illinois, $11 billion; Pennsylvania, $10.8 billion; Ohio, $9.6 billion, and Texas, $9 billion. Rapid growth in the western states should cause California to pass New York in retail sales by 1965, and Texas will probably move ahead of Pennsylvania and Ohio.

Grocery stores were most numerous, numbering 279,440 with $34.4 billion in sales, followed by 181,747 gasoline service stations with sales of $10.7 billion, and 169,867 eating places with sales of $8.1 billion. Near the top in sales were 61,547 auto dealers with sales of $27.5 billion, and 2,761 department stores with sales of $10.6 billion.

Farm and garden supply stores showed the greatest sales increase between 1948 and 1954, with an 89 per cent rise, gas station sales were up 66 per cent, while children's and infants' wear stores and delicatessen stores each had a 56 per cent increase. Eating places, stationery stores and gift, novelty and souvenir stores were each up 53 per cent and automobile dealers up 50 per cent. Rising somewhat higher than the average for all stores were grocery stores, up 39 per cent; and household appliance, radio and television stores, up 34 per cent. Showing less than average increases were department stores, up 12 per cent; and drinking places, up

Outlook for 1965: *Money figures are estimated 1965 retail sales in millions of 1956 dollars. Black portion of bar shows 1948 sales; gray, the additional sales in 1954; color, expected growth by 1965*



four per cent. Candy, nut and confectionery stores and book stores were each down three per cent, while general store sales dropped six per cent.

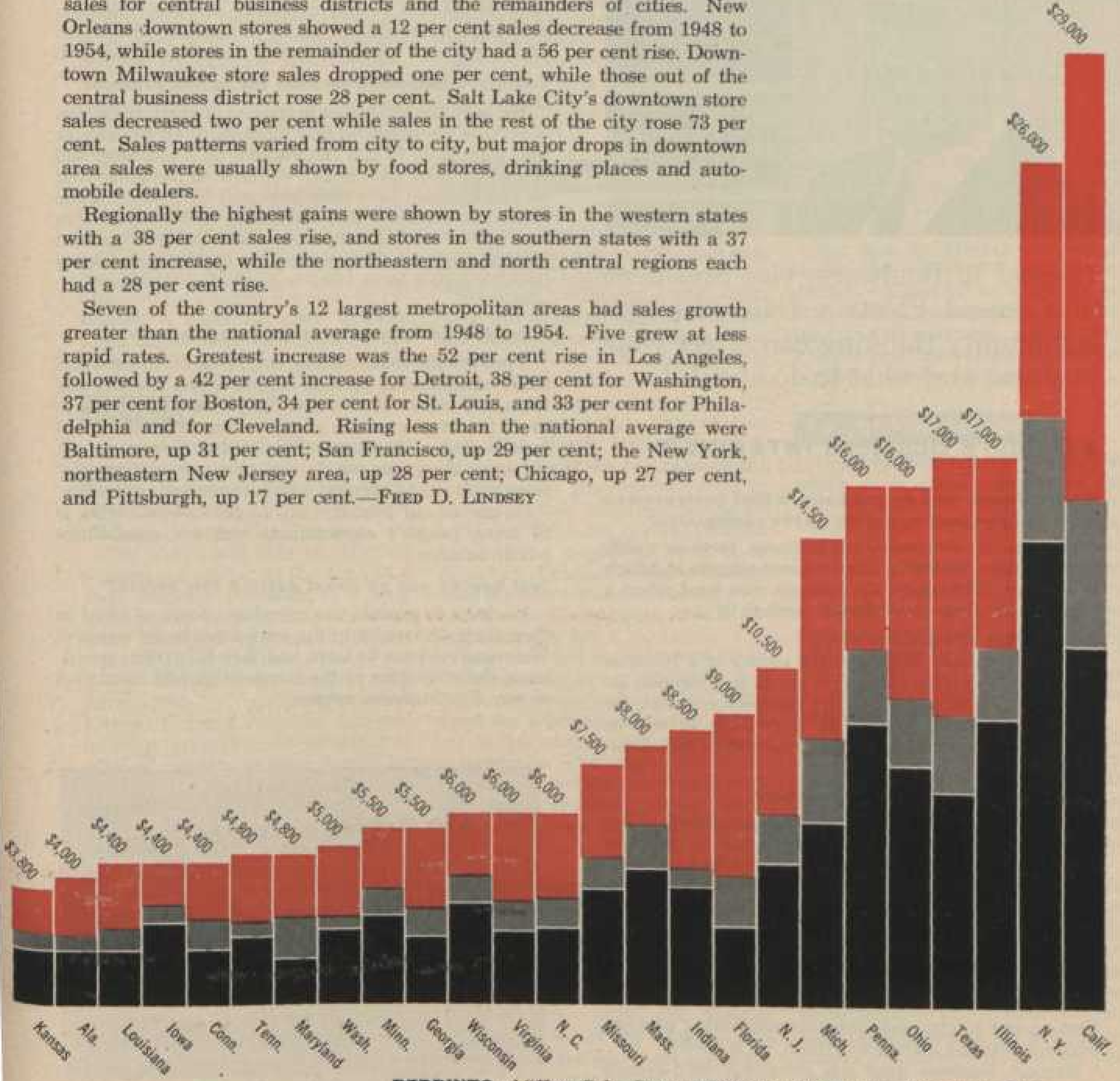
Department stores had highest average sales per store with $3,824,000, followed by mail order houses with $795,000, franchised auto dealers with $606,000, and lumber and building materials dealers with $215,000. Lowest were candy, nut and confectionery stores with average sales of $28,000, refreshment stands with a $25,000 average, and gift, novelty and souvenir stores averaging $23,000.

On the average there was one grocery store for every 580 persons, and one eating place, other than refreshment stands, for every 950 persons. Less numerous were department stores, with one for every 58,400 persons, book stores, with one for every 61,000, and mail order houses with one for every 79,800. Some areas have stores serving considerably fewer persons, while other areas have stores serving many more.

Increasing importance of suburban stores is shown in comparisons of sales for central business districts and the remainders of cities. New Orleans downtown stores showed a 12 per cent sales decrease from 1948 to 1954, while stores in the remainder of the city had a 56 per cent rise. Downtown Milwaukee store sales dropped one per cent, while those out of the central business district rose 28 per cent. Salt Lake City's downtown store sales decreased two per cent while sales in the rest of the city rose 73 per cent. Sales patterns varied from city to city, but major drops in downtown area sales were usually shown by food stores, drinking places and automobile dealers.

Regionally the highest gains were shown by stores in the western states with a 38 per cent sales rise, and stores in the southern states with a 37 per cent increase, while the northeastern and north central regions each had a 28 per cent rise.

Seven of the country's 12 largest metropolitan areas had sales growth greater than the national average from 1948 to 1954. Five grew at less rapid rates. Greatest increase was the 52 per cent rise in Los Angeles, followed by a 42 per cent increase for Detroit, 38 per cent for Washington, 37 per cent for Boston, 34 per cent for St. Louis, and 33 per cent for Philadelphia and for Cleveland. Rising less than the national average were Baltimore, up 31 per cent; San Francisco, up 29 per cent; the New York, northeastern New Jersey area, up 28 per cent; Chicago, up 27 per cent, and Pittsburgh, up 17 per cent.—FRED D. LINDSEY



REPRINTS *of "How Sales Pattern Will Change" may be obtained for five cents each or $4.50 a hundred from Nation's Business, Washington, D.C.*

Two steps improve business climate

Lemuel R. Boulware, vice president of General Electric, tells you how community thinking can affect your business and what to do about it.

A Nation's Business INTERVIEW

Mr. Boulware, why do you believe that businessmen must tell the business story to the community?

Because the success of any business, large or small, is so greatly affected by the business climate in which it operates. Obviously, the citizens who most affect a business are those immediately around it.

How do they affect a business?

The community influences the ability of a business to have its employes and others act in the common interest. City and state laws and their enforcement, for instance, affect the ability of a business to sell its products and services in competition with outside businesses.

How should business tell its story?

First of all, business must have a story to tell. That involves being sure that each individual in business knows, thinks and feels—and therefore looks as well as speaks and acts—in a way that will genuinely deserve the approval of all who look or listen.

You mean business must first do right?

No. I mean business must first be right. That will usually require a certain degree of inner regeneration on the part of the individual businessman, who must then go out to complete this communication process, which is looking right even when he is silent.

Second, business must use conscious man-to-man and mass communication to let the community know how it is trying to do what is right. Mass communication is an economical medium for repeating, confirming or further highlighting basic facts which have been encountered in the silent or in the man-to-man communication.

By being right, do you mean business must do its part as a citizen in the community as well as producing products at a profit and providing jobs?

Yes, indeed. There are two general requirements so far as we can observe them in our experience. The first is that business must constantly seek out what is the right thing to do. Second, it must be willing to do that right thing voluntarily, day in and day out, whether anybody is looking or not.

What specifically do you mean?

Two things. First, we have to satisfy people's material needs and wants in our field. That's the necessary foundation, but is not the complete job. Second, we have to satisfy people's spiritual hunger for extra human satisfaction beyond the purely material. We have to do this in our products, services, interests, man-to-man association, sense of fairness, and warm appreciation of the values they regard as important.

Could you elaborate on what the public expects?

We have the obligation in the end of pleasing people, of serving the balanced best interests of all five groups who contribute to and have claims on a business, and of making both ends meet. We have to recognize that we businessmen have been negligent in explaining the functions, problems and difficulties of business. This has left us with a situation where people's natural wishful thinking—helped along by demagogues—leads them to expect more from business than business can give.

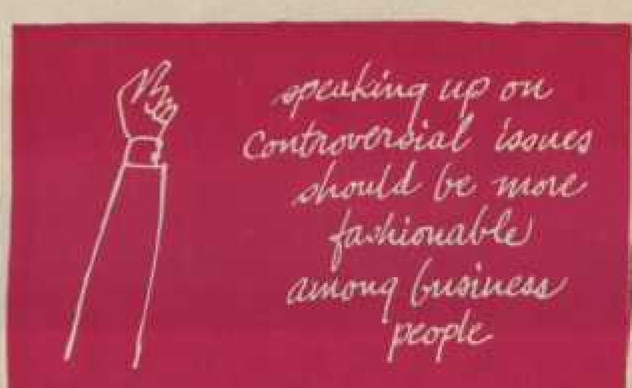
What five groups have claims on a business?

They are the share owners, employes, customers, and other businessmen, such as suppliers and dealers, and these and others as citizens. To please them we have to do this neglected job of explaining to people about how business functions; explain that you can't get out more than you put in and that a lot of expectations can't yet be brought within the bounds of reality.

So one of our primary jobs to get understanding is to bring people's expectations and our capabilities within balance.

Just how do you go about getting this across?

We have to explain the interdependence of all of us specialists who make up the work force in the country. We ourselves have to learn and then help other people learn the economics of the competition and incentives of our free business system.



outlook


CHRYSLER

submitted in January. Enacted and anticipated new obligational authority of $4.3 billion portends even higher expenditures. Higher revenues provide a budget surplus of $700 million.

Revenue estimates appear to be underestimated; and in prosperity, expenditures follow revenue trends.

The upward spending trend beclouds the prospect for a third consecutive surplus in fiscal 1958. Estimated expenditures are rising more rapidly than estimated revenues. With only a one per cent margin between expenditures and revenues, balancing the budget may prove extremely difficult.

Federal payroll costs are also going up through salary increases, although the number of employes is being reduced. However, some reduction in federal employe costs is probable. Budget Director Brundage is leading a program to review the need for refilling vacant positions, and a marked increase in vacancies is expected after October when higher retirement benefits become available.

LABOR

Several important labor-management relations cases will be decided by the Supreme Court this term. (See "All Business Will Feel Court Decisions," page 32.)

The Court will rule on whether a union may strike at the time of a wage reopener provision in a long term contract, or wait, as a lower court has held it must, until the contract is terminated.

The United Auto Workers will learn whether or not it violated the Federal Corrupt Practices Act prohibiting "expenditures" on behalf of political candidates when it paid for TV time for Michigan political candidates.

Whether a union may engage in slowdowns and partial walkouts while negotiating with a firm is also up for decision. An appellate court ruled it was a legal means of exerting pressure on an employer.

Two cases concern federal-state jurisdiction. In California, a state court banned picketing for a closed shop because it violated Taft-Hartley, although the NLRB had previously declined to act where this employer was concerned. An Ohio court enjoined picketing at several meat stores when it concluded the objective of the picketing was to force the employer to coerce his employes into the union. In both cases the jurisdictional standards of the NLRB were not met.

NATURAL RESOURCES

The question of federal regulation of independent natural gas producers will appear again on the first day of the 85th Congress.

Southern producing states once more will be pitted against northern and eastern consuming states. Gas producers, large and small, oppose cities, major distributors.

Next year gas producers will try again to amend the Natural Gas Act. The Harris Bill of the 84th Congress would be law now except for President Eisenhower's veto in which he cited "highly questionable activities" by a few private persons. Meanwhile, producers are in a mixed-up situation trying to comply with the new regulations of the Federal Power Commission, which administers the Act.

Any new bill to be successful in Congress must be a compromise, and it is now recognized that both sides (and the pipeline companies, which are in the middle) will gain from a compromise. The producers and distributors, therefore, in trying to work out an acceptable solution, must also satisfy the pipelines and the FPC.

TAXATION

Pity the poor tax man. At least three major studies of the technical side of our tax laws will be strongly pushed during the fall and winter months. The Mills and Forand subcommittees of the House Committee on Ways and Means, and the staff of the Joint Committee on Internal Revenue Taxation are all searching the law for weak spots.

In the process it is probable the work and organization of the Internal Revenue Service will be given more than passing attention.

All of this will lead to legislation at the coming session of Congress, although none of the study is likely to result in proposals for tax reductions so dear to politicians and taxpayers.

Nor does the *Midyear Review* of the Budget extend any hope for reduction. A surplus as small as the $700 million predicted for the coming year, if accurate, would offer a feeble base from which to consider lessening our tax burden.

TRANSPORTATION

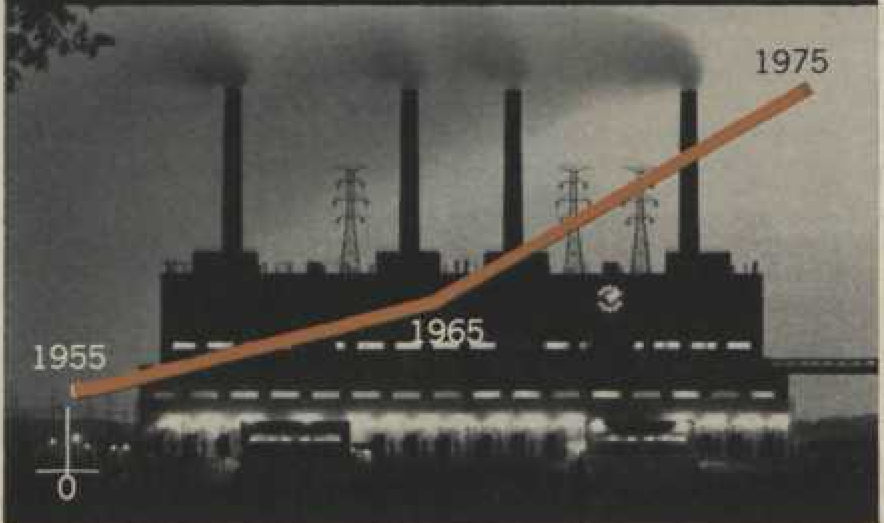
Congress has enacted legislation which is of great significance for transportation of the future, although it may be somewhat distant.

This is the authorization to build an atomic-powered merchant marine vessel. It will be the first application of atomic propulsion to civil transport equipment, and it undoubtedly will prove to be the forerunner of much wider use of atomic energy for moving all kinds of vehicles, including planes.

The $40 million atomic vessel is expected to be a dry cargo or combination cargo-passenger type, with the hull costing about $18 million and the reactor about $22 million. The present time table calls for completion around 1960.

It is reasonable to predict that the vessel will be fully as successful as the submarine, *Nautilus*, which the Navy has pronounced a success. However, adaptations of atomic propulsion to locomotives, planes, and motor vehicles will come about only after development of low weight protection to individuals, and low cost atomic fuel.

HERE'S ANSWER TO DOUBLED POWER NEED



Coming expansion will dwarf $40 billion in plant and equipment. Who will feel impact? What fuel will boom? Will demand ease?

TEN YEARS from now business and industry will use twice as much power as they use today.

Home owners' use will grow at an even faster pace.

Estimates are that power demands will double again in the decade after that and expand steadily thereafter.

This means a spectacular expansion job for electric power producers. It means new construction costs dwarfing the $40 billion already invested in power plants, substations and transmission and distribution networks. It will mean an impact on the utilities' fuel and equipment suppliers, their investors and customers—categories which include just about everybody.

It also raises immediate need for answers to such questions as:

▶ Where is this demand for power coming from?

▶ How much electricity will we actually need?

▶ Do we have fuel resources to supply it?

▶ Can the private companies meet the financial needs?

▶ Where will the atom fit in?

▶ What part must government take?

Electric power leaders who must find the answers are optimistic.

One told NATION'S BUSINESS, "I believe that the nation can continue to count on ample electric power supplies for as far ahead as we can see."

The shape of demand

But where are all the demands for electricity coming from? What trends are they setting? Answering these questions involves a close look at power's impact on these use sectors—industrial, commercial and residential.

Industry use of energy accounts for about half of total electricity output. Steel, aluminum and atomic energy processing are the largest sources of demand, and all appear headed for great growth. Atomic energy alone eats up nearly 60 billion kilowatt-hours of current annually—roughly 10 per cent of total generation. One of the government's giant uranium refining plants will by itself use 17 billion kwh this year, or about as much as all of New York City.

Other big users of power are chemical plants and paper mills. Machine shops and food processors, because of their number, also take substantial blocks. Large plants take the really large loads, however. Less than 10 per cent of the utilities' 300,000 industrial customers account for more than 90 per cent of industrial power demands.

Power consumption is increasing with productivity. Today's average industrial worker uses about 19,000 kwh of electricity a year. This is more than double the 1940 level and seven times that of 1920. A man at manual work, one expert calculates, uses about 67 kwh of energy. The modern factory worker thus commands a flow of energy equal to 283 men.

The only way our rapidly growing population can be fed, clothed, housed and educated at the rising standards we expect, economists point out, is through more intensive use of raw materials, productive facilities and electric energy. Power use per man-hour is therefore expected at least to double by 1975. Over-all industrial demand will more than treble.

Commercial users of electricity number 6 million and take nearly one fifth of the electricity. These customers include stores of all kinds, offices, hotels, restaurants, theaters, garages, gasoline stations, schools and hospitals. Utilities find they now have one commercial customer for every 27 people as compared with one for every 40 in the 1920's.

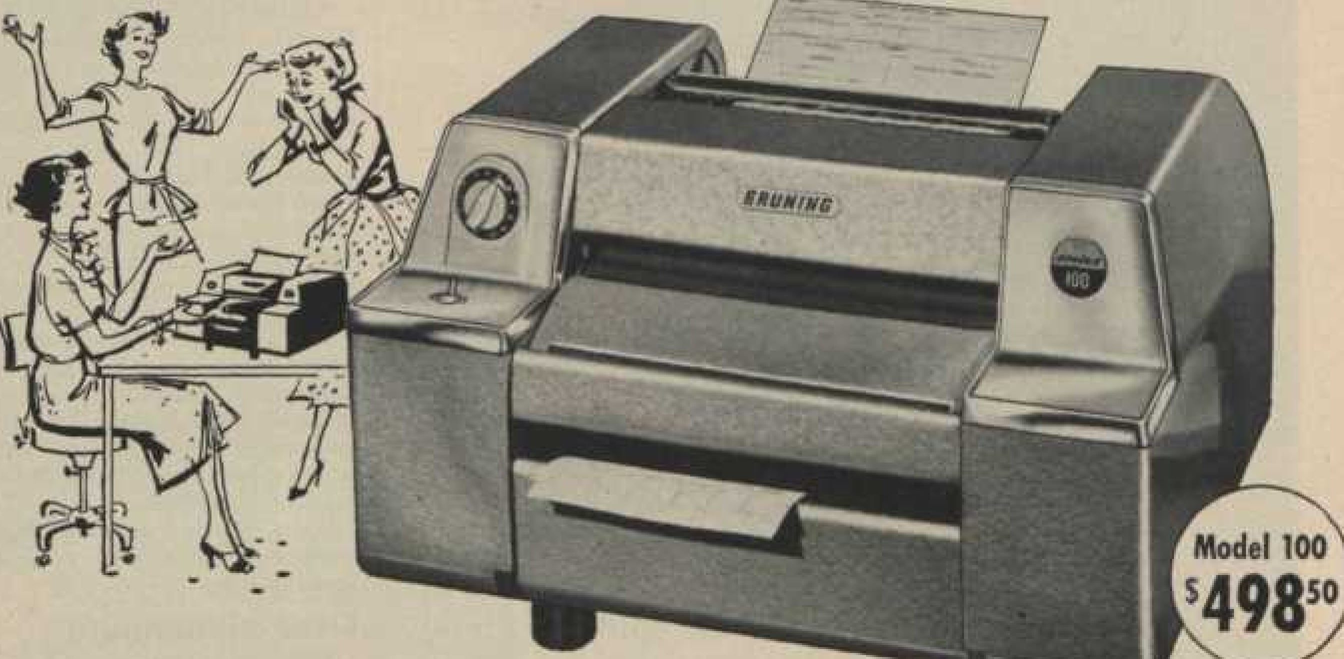
Power use by the individual business has increased in step with total numbers. Stores and offices, for example, have turned more and more to improved lighting, office machinery, better ventilation and air conditioning. Rapid growth in air cooling, in fact, has brought on huge new summertime loads, switching peak power use from winter to summer in many areas.

As one illustration, Potomac Electric Power Company, which serves the Washington, D. C., area, has to provide twice as much current to the Defense Department's Pentagon Building in July as in December. This sprawling command post of the nation uses as much electric energy as 43,000 average homes.

The typical commercial customer of the 1920's used about 3,000 kwh annually, or only one fourth what he requires today. The Federal Power Commission foresees a doubling in

Now! Desk Top Copying Machine Gives You Direct Copies in Seconds!

Makes up to 300 Copies Per Hour at a Cost of Less Than 1¢ Each for Materials!
No Stencils! No Masters! No Negatives! No Messy Inks! No Vapors!



Eliminate Costly Labor, Delays, and Errors of Manual Copying in Paperwork Operations!

It's here! The high-speed, compact copying machine that turns out exact, black-on-white copies of anything typed, written, or printed on ordinary translucent paper—in seconds! Copies originals 11 inches wide by any length. Makes up to 300 copies of different letter size originals hourly. Absolutely clean, quiet, and odorless. Can be operated by any of your personnel.

The Copyflex Model 100 will save you time and money in almost any type of paperwork operation. Use it to set up fast, accurate one-writing systems for order-invoicing, purchasing-receiving, and similar systematized operations . . . for specialized legal, accounting, and engineering copying . . . for general copying. Mail coupon today for complete information on Copyflex.

BRUNING *Copyflex*

Copies anything typed, written, printed or drawn on ordinary translucent paper—in seconds.

Specialists in Copying Since 1897

Charles Bruning Company, Inc., Dept. 101-NB
4700 Montrose Avenue, Chicago 41, Ill.

Please send me more information about the Bruning Copyflex Model 100.

Name__________ Title__________

Company__________

Address__________

City__________ County______ State______

CHARLES BRUNING COMPANY, INC., 4700 MONTROSE AVENUE, CHICAGO 41, ILLINOIS

In Canada: Charles Bruning Co., (Canada) Ltd., 105 Church Street, Toronto 1, Ontario

DOUBLED POWER
continued

this use over the next 25 years. Combined with a pyramiding number of users, this would multiply commercial demands more than three times. ***Residential*** use of electricity will at least quadruple by 1980, the Federal Power Commission believes. The reason is that more and more homeowners are using more and more appliances. Also, the impact of electric air heating and cooling has only begun to take effect.

Statistics compiled by the Edison Electric Institute foreshadow what a swing to climate control equipment might mean. These show that an electric razor in one year might use one kwh; a clock, 17; a vacuum cleaner, 29; a television set, 297, and a refrigerator, 353. A window air-conditioning unit, on the other hand, uses nearly 1,000 kwh; a water heater, 3,576, and a heat pump, 15,673.

Since average domestic use of electricity totals just 2,750 kwh yearly, stepped-up use of these latter appliances could throw all predictions on coming power demands into the wastebasket. Residential customers number 43 million.

Thus, changes in individual consumption habits readily turn into an avalanche.

Over-all demand

What do such heavy demand factors add up to in the way of over-all projections of power generation? Forecasts vary widely. Utility spokesmen tend to agree on a near-doubling of demand during each of the next two decades. Government estimates are somewhat lower and those of equipment manufacturers shoot far ahead.

Philip Sporn, president of the American Gas & Electric Company, sums up some leading power company forecasts like this: "We will require more than 1,000 billion kwh of electric power by 1965 and 2,000 billion kwh by 1975." In comparison, the utility industry last year generated 545 billion kwh, and is expected to turn out 620 billion kwh this year.

Ralph J. Cordiner, president of General Electric, puts power needs by 1965 at 1,500 billion kwh. He describes electricity use as "one of the best physical measurements of the country's standard of living" and suggests that demands may reverse past trends, doubling in the next eight years and quadrupling in the next 16.

Some sound comments on power forecasting were made in a recent

Aluminum paint is the standard protective coating for all of Sinclair's refineries (like this one in Wyoming), bulk stations, terminals and tank farms. Aluminum paint: **Sinclair Refining Company.**

Sinclair has used aluminum paint for over 40 years

Their reasons can point the way to savings for you, too

Sinclair Refining Company has used aluminum paint since 1916. Sinclair Aluminum Paints, pigmented with ALCOA® Aluminum, have demonstrated again and again their ability to give unmatched protection against rust, corrosion and high heat. Moreover, brilliant aluminum paint improves appearances while reducing evaporation losses by reflecting the hot rays of the sun.

In the corrosive atmosphere of the Gulf Coast, for example, an area which is especially rough on metal and paint, aluminum paint has lasted 15 years and more on Sinclair's facilities. If you can't make the same claim for the paint you are now using, it's time you investigated aluminum paint.

ALCOA does not make paint, but ALCOA Aluminum Pigments are used in more aluminum paints than any other brand. Special formulas have been developed by your paint manufacturer to solve individual problems. Paints made to these formulas actually cost less, last longer, give utmost protection against heat, cold, sun, rain, smoke and fumes.

Write today for our two FREE booklets, *Painting With Aluminum* and *Aluminum Asphalt Roof Coatings Make Time Stand Still.* They contain valuable, up-to-date information on aluminum paint and aluminum asphalt coatings. Use the coupon.

THE ALCOA HOUR
TELEVISION'S FINEST LIVE DRAMA
ALTERNATE SUNDAY EVENINGS

PIGMENTED WITH
ALCOA ALUMINUM
ALUMINUM COMPANY OF AMERICA

Aluminum Company of America
Paint Service Bureau
1715-K Alcoa Building, Pittsburgh 19, Pa.

Please send me your FREE booklets:
- [ ] Painting With Aluminum
- [ ] Aluminum Asphalt Roof Coatings Make Time Stand Still

I am interested in protecting__________

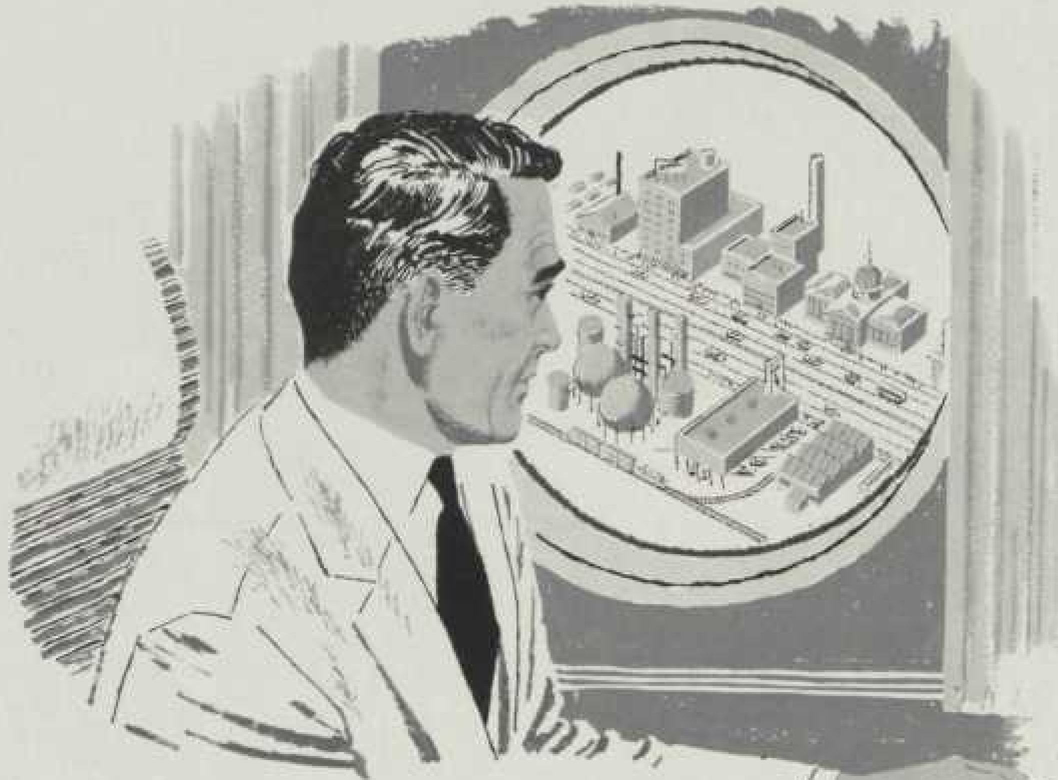
Name__________

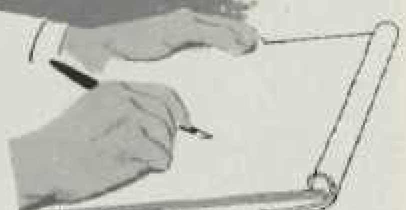
Company__________

Address__________

City__________ Zone____ State____

You're looking at Friden Street





. . . where business makes figures "sit up and talk"!

Friden Street crisscrosses America. It is a place, a method and a viewpoint found in all U. S. communities. Friden Street is every street where wholesalers, insurance firms, manufacturers . . . and retailers, bankers, engineers . . . do their figure-work a swift new way with the Friden Calculator.

The Friden is not an ordinary calculator . . . It is **The Thinking Machine of American Business.** The fully automatic Friden performs more steps in figure-work without operator decisions—simply by figure-thinking *for* you —than any other calculating machine ever developed!

The owner of a moderate-size business on Friden Street writes: "Our fully automatic Friden Calculator gives us a clear picture of our business from day to day."

This man checks incoming invoices on his Friden, figures cost and selling price, checks sales figures by hours to determine which hours are most profitable, takes inventory, computes payroll figures weekly, gets percentage figures for comparison with other daily, monthly and yearly periods.

You can own a Friden for pin money per month. Anyone can operate it. Talk to your nearby Friden Man about a move to Friden Street!

Friden

THE AUTOMATIC CALCULATOR • THE NATURAL WAY ADDING MACHINE
THE COMPUTYPER • THE ADD-PUNCH MACHINE

Friden sales, instruction, service throughout U. S. and the world.

DOUBLED POWER

continued

analysis by two FPC officials. Said E. T. Hughes and N. C. Nelson:

"If we were to assume a doubling of demand every ten years in the future, we would reach fantastic figures in a short time. At the end of the next 50 years, our annual growth . . . would be equal to nearly twice the entire growth that has occurred during the first 75 years of the industry's existence. If the assumption were continued still further, we would find that in 100 years, our annual growth would be equivalent to 50 times our present 75-year cumulative growth."

The study concluded that a more reasonable assumption would be that annual growth rates would taper off after 1970 as power slowed its spread into new uses and settled down to expanding with the general economy. Even allowing for this cutback, however, power loads could still pile up to 5,000 billion kwh, or nine times present output, by the year 2,000.

What of supply?

There is purpose in all this learned guessing about the future. Few industries must plan and make firm commitments so far ahead as electric power companies. Years in advance of actual demand, utilities must stake out sites for power plants, nail down supplies of condensing water, string transmission and distribution lines, place orders for generating equipment.

This planning must cover peak requirements for capacity. Over a year, loads average only 60 per cent of top demands, yet capacity must be available for these peaks at all times. There must also be a reserve to allow for repair and maintenance shutdowns and for emergency loads. This reserve margin over peak needs is about 20 per cent nationally, up from close to zero right after World War II.

Utilities now have an order backlog of 415 generating units slated for installation between now and 1959, according to Edwin Vennard, managing director of EEI. These units have a rated capacity of 36 million kilowatts and will by themselves bring net capacity up to 154 million kw by the end of 1959. Last year, a record 12 million kw was installed, raising over-all capacity to 115 million kw.

Walker L. Cisler, president of Detroit Edison, states that new installations should run somewhere near last year's level until 1965.

(Continued on page 55)

Pennsylvania Industrial Development Authority announces

for your new plant

ADDITIONAL DATA ON P.I.D.A.
2ND MORTGAGE LOANS

Minimum interest rate, 2% per annum; maximum term, 25 years.

Available on up to 30% of industrial plant construction costs.

Made to non-profit community corporations organized to encourage local industrial development. The Authority does not engage in direct construction or ownership.

Limited to Labor-Surplus Areas—assuring a plentiful supply of skilled labor and low labor costs . . . from stable, productive, permanently-rooted small town people.

AND AS A FURTHER SERVICE—

Pennsylvania will "custom tailor" a new plant plan *just for you!*

The Commonwealth's new Industrial Development Services will:

Analyze your own plant financing with relation to Pennsylvania's Community Industrial Construction Program.

Supply you with data on available industrial plants.

Arrange site and plant inspection tours.

And most important, will prepare a report especially tailored to your individual manufacturing, marketing and location requirements.

You will receive up-to-date engineering and economic data on such vital factors as:

- ★ Labor availability, rates and skills
- ★ Industrial and consumer markets
- ★ Transportation facilities and costs
- ★ Water availability and analyses
- ★ Power, fuel and other utilities
- ★ Location and availability of production materials
- ★ Characteristics of the individual community
- ★ Taxes and governmental relations

Your inquiry will be serviced in strict confidence.

For more details, write or call: Pennsylvania Department of Commerce
Pennsylvania Industrial Development Authority
Main Capitol Building
Harrisburg 8, Pennsylvania
Phone: CEdar 4-2912

and prosper!

DOUBLE POWER

continued

After that, he comments, "the requirements for new capacity to meet load increases may be as high as 11 to 24 million kilowatts a year."

This is good news for makers of steam and hydraulic turbines, electric generators, power transformers, copper wiring and conductors, control equipment—for makers of everything utilities use, in fact, from electric light switches to steam boilers 20 stories high.

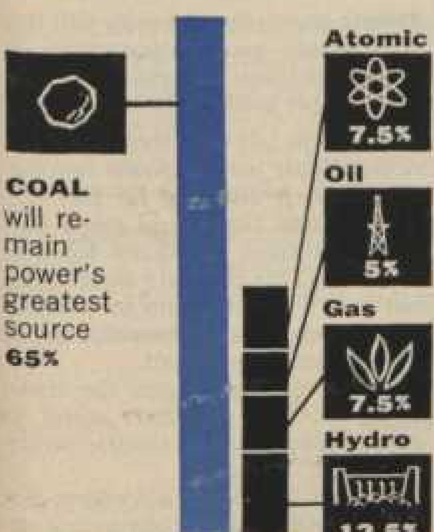
Generating equipment sales for the 1960-'80 period could top $65 billion, according to figures by a special civilian panel which studied the potential impact of atomic energy for Congress' Joint Committee on Atomic Energy. The panel further assumed that manufacturers of appliances and electrical end-use items would stand to benefit in similar substantial degree from power growth.

The fuel supply

A question mark in this outlook concerns supplies of fuel for making the steam that turns turbogenerators to produce current. Electricity is, after all, merely one form of energy and is obtained on a large scale only by converting the energy in fuel or falling water into kilowatts. Utilities constantly weigh alternative methods of doing this job, applying this basic test to fuels: Which can be utilized at the lowest over-all cost?

With the atom's ultimate economies as yet undetermined, it is impossible to forecast accurately which energy forms will come out on top. Experts feel, however, that the nation will so increase its energy requirements in coming years that it will need all the oil and gas it can

POWER SOURCES IN 1975



DOUBLED POWER

continued

reasonably produce. Coal will provide the great reserve for power needs.

Coal's assumption of a leading position is based on its relative economy and abundance. The Department of the Interior places all U. S. bituminous reserves at 1,900 billion tons. Some 247 billion tons, Interior estimates, are recoverable at or near present extraction costs. This is equal, at 1955 consumption rates, to a 500-year supply. Another 500 years' supply could be obtained at up to 1½ times present prices.

Oil and gas are less plentiful even though proved reserves are being steadily boosted.

Many producers of these fuels believe, however, that such premium forms of energy may ultimately have to be conserved for motor and other premium uses.

Coal would thus be left to contend mainly with the atom, as far as thermal generation is concerned. Right now, 55 per cent of electricity comes from coal. Seventeen per cent comes from natural gas and seven per cent from oil. Water power accounts for the remaining 21 per cent, but depletion of economical hydro development sites is dampening growth.

In a significant analysis of energy supply-price factors, Mr. Sporn sifts a number of authoritative views to come up with these indicated trends to 1975:

Hydro generating capacity will rise from 25 million to 48 million kw, but the portion of total generation will sink to 12½ per cent.

Gas use by utilities will rise by nearly 50 per cent, but will account for only 10 per cent of power output.

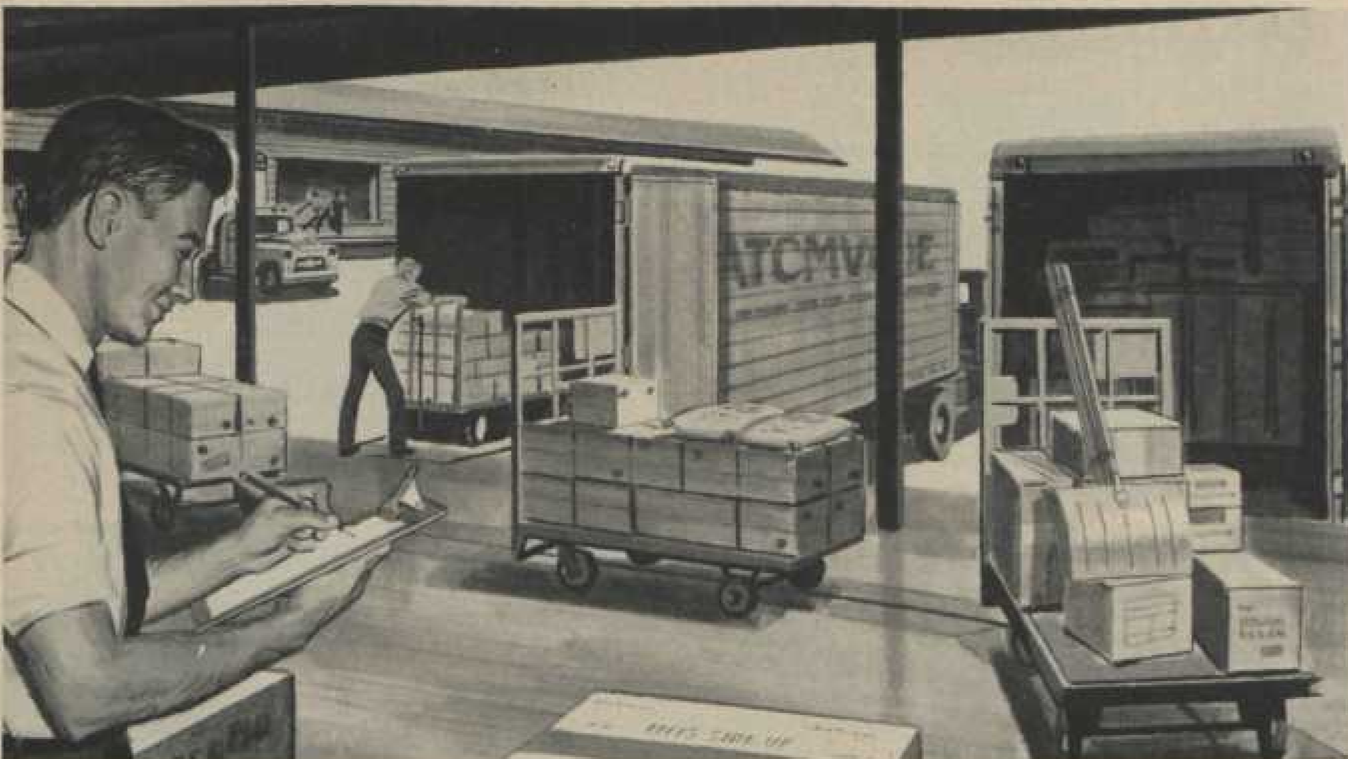
Oil use will expand by 90 per cent, but its portion of generation will drop to just 5 per cent.

Atomic generating capacity will rise in a slowly accelerating curve to about 20 million kw, which will provide 7½ per cent of electricity.

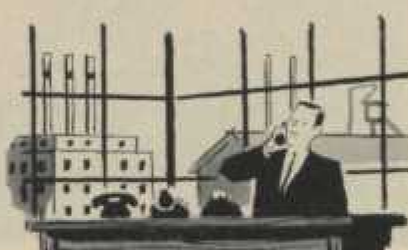
Coal is thus left with the job of providing 65 per cent of power requirements. Even allowing for fuel efficiency gains, this would mean that in 1975 utilities would use 488 million tons. This is nearly three times last year's consumption for electric power and is more than the entire 1955 bituminous output.

Thus, while coal gets the lion's share, all fuel producers stand to gain in supplying the electric utility market.

Neither Mr. Sporn nor others disregard possibilities of converting en-



Competition In Transportation Has Been Good For You!



. . . the businessman

. . . the farmer

. . . the consumer

NOWHERE else in the world does the businessman, the farmer, the consumer enjoy the kinds and quality of transportation service available here in the United States.

Under the spur of competition, the trucking industry makes remarkable improvements in terminal operations through efficient mechanization — railroads strive to cut running time — airlines tailor air-freight to shipper requirements — the whole field of transport service researches, adapts, changes and improves.

This is *service* competition which benefits everyone concerned — which has given American agriculture and industry the finest transportation in the world.

Now, some would like to throw the emphasis on virtually unrestricted *rate* competition. We tried unrestricted rate competition once before — and it nearly wrecked our developing country. Now we have vigorous price competition, to be sure, but with built-in safeguards to protect shippers, carriers, and public alike.

Does service competition result in lower costs to the public? The answer is that all transportation today receives less of the national sales dollar than it did in 1929, although performing far more service for every dollar received.

ATA

AMERICAN TRUCKING INDUSTRY

AMERICAN TRUCKING ASSOCIATIONS, INC., WASHINGTON 6, D. C.

If You've Got It . . . A Truck Brought It!

Comptograph is the new speed wonder that adds, subtracts, multiplies, even divides at 202 printings per minute. All-electric operation, quiet and highly efficient with a human-engineered keyboard for smooth, tireless operation. It gives PRINTED PROOF when you multiply: all factors show on the tape—multiplier, multiplicand, product. Fast figuring, faultless accuracy. Comptograph has four other new models to choose from. For a demonstration on *your* work, write us or look in the Yellow Pages for the Comptometer-Comptograph representative.

Products by COMPTOMETER®

COMPTOGRAPH® • COMPTOMETER® • DICTATION MACHINE

FELT & TARRANT MFG. CO.
1713 North Paulina St., Chicago 22, Ill.

ergy from the sun, tides and wind. Mr. Sporn observes, though, that "it does not look as if such sources will count for much between now and 1975."

Widespread atomic energy utilization also appears more of a long-term than an immediate prospect to the power companies. Yet many feel that installed atomic power capacity will double the Sporn estimate within 20 years. By 1980, the congressional advisory panel on the atom noted, atomic powerplants could total 135 million kw—more than the utilities' entire present capacity.

But before that comes about, some fantastic technical problems have to be licked and, more important, kilowatt-conversion costs must be reduced to levels competitive with conventional fuels. Nuclear plants with more than a million kilowatts are already well beyond the initial planning stage, but, so far, their costs are far higher than other types.

Meeting the bill

Will utilities be able to finance the vast new construction?

This is at least a $70 billion question. That is what Charles E. Oakes, president of Pennsylvania Power & Light, figures investor-owned power companies must spend for new plant over the next 16 years.

Capital spending by these firms has averaged $2.1 billion yearly in the postwar period. In each of the past three years, investment has hit just under the $3 billion mark. This compares with 1955 gross operating revenue of $6.9 billion and net income of $1.26 billion. By 1970, utility investment is expected to shoot up to $6 billion a year.

Since the end of World War II, utilities have raised one third of construction money internally, through depreciation reserves and retained earnings. The remainder came from the issuance of new securities.

Power companies are in an enviable position when it comes to stability of earnings and investor confidence. A leading banker calls their stocks and bonds "the number one favorite of conservative investors." They find ready takers.

The consensus of experts is that, with sound rate regulation under public utility commissions, electric companies should be able to foot the bill for expansion in the future, as in the past.

Government's part

If private management fails to meet expansion needs, further government encroachment into the power field is likely to follow. Utilities view this as their major public policy concern. One executive states the case like this:

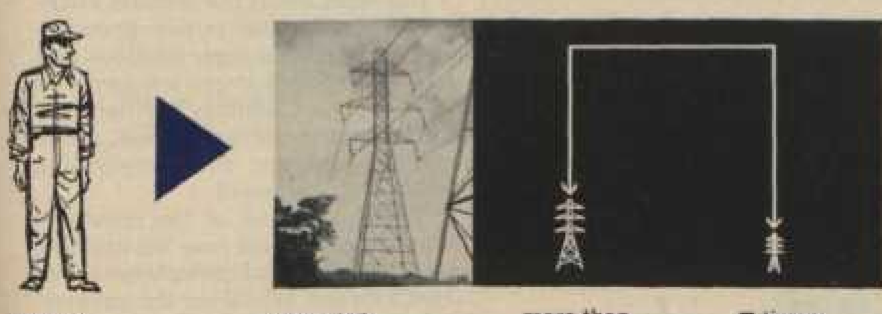
"Power is too vital to fool around with. If private management cannot meet national needs, then public ownership will—or at least will try."

Investor-owned utilities currently own about 76 per cent of generating capacity; government, 23 per cent; and cooperatives, less than one per cent. Chief threat lies in the fact that the federal share has lately been coming up fast.

Some observers feel that the heyday of government's power role may be drawing to an end, however. With the hydro power field shrinking relatively, public power advocates are losing their primary argument for a dominant federal position: multipurpose dam construction. Private interests indicate willingness and ability to develop water resources for electric power, but public power groups push federal projects to encompass flood control, irrigation and navigational ends as well.

Moreover, needs for new expansion money may prove so enormous that public power supporters could

POWER CONSUMPTION IS INCREASING WITH PRODUCTIVITY



average industrial worker | now uses about **19,000** kw-h a year | more than twice that of 1940 | **7** times that of 1920

DOUBLED POWER

continued

lose out by default. A congressman with long experience in this battle states simply, "it would be impossible to get that kind of money out of Congress. By the time debate died down and money was voted, it would prove far too little, and would probably come too late."

This outlook may give private management some comfort. But the close voting margins on Capitol Hill this past session on such issues leave little room for complacency. Narrow victories for the private point of view came on a government crash program of atomic reactor development, on Hells Canyon and Niagara development. These could hardly be taken as indicators of any stable political sentiment. Indeed, such battles will undoubtedly be fought anew in many areas in this fall's campaign.

The federal role in the atomic field is getting the closest attention from utilities. The feeling is that whoever controls the atom may eventually control electric power production and distribution. Government to date has played a heavy role in atomic development, though recently it has sought to bring private businesses into this work on a partnership basis. More than 50 electric companies have taken up this offer and are now involved in some phase of atomic research or project construction. There is intense pressure to get in on the ground floor of this exciting new field.

"The atom is coming. Make no mistake about that!" says one utility official in summing up these views.

For people with such abundant experience in discerning the future, it has not proved difficult to envision a day when most, if not all, newly installed powerplants will either split or fuse atoms to produce heat for electric current production. This review mainly covers only the next two decades ahead.

But what about the decades thereafter? Could our power demands possibly continue their fabulous pattern of doubling every ten years on into the next century? What new methods of power generation, transmission and use will snowballing technology uncover?

These are some of the questions that present trends pose for utilities, their suppliers and customers as they look forward. Whatever the answers, private electric power appears ready and able to continue providing the spark of life for the nation's economic growth.—JAMES N. SITES

EXTRA VALUE MAKES THE DIFFERENCE IN INSURANCE

Stouffer's menu includes security

A TASTE-TEST PANEL keeps meals (and now frozen cooked foods) up to high Stouffer standards, at America's famous restaurant chain. Stouffer's executives have highest quality security in Indemnity's 'Key Man' Accident and Sickness Policy.

Dutch apple pie was Stouffer's original recipe special. But this family business, over its 30 years, went beyond sandwiches, pies and milk and grew up on flavorful, homelike American dishes served by charming 'Stouffer' girls. Management discovered it had other success recipes in customer satisfaction and employee loyalty.

Because 'extra value' is a Stouffer staple, the salary continuation plan of Indemnity Insurance Company of North America got a warm reception in the Company. The executive staff liked it; management did, too. It is liberal in its provision, and it is economical. Fundamentally it protects two interests—employer's and employee's. 'Extra value' also shows in Indemnity's strength, experience and attentive agent service.

For 'extra value' in insurance and service, ask your agent or broker about Indemnity's 'Key Man' Accident and Sickness Policy. Ask to see the story on Stouffer's salary continuation plan.

Insurance Company of North America
Indemnity Insurance Company of North America
Philadelphia Fire and Marine Insurance Company

NORTH AMERICA
COMPANIES
Philadelphia

Protect what you have©

DEFENSE WEIGHS STIFFER DRAFT LAW

Carter L. Burgess, Assistant Secretary of Defense, tells how critical skills program can help solve the skilled worker problem

Mr. Burgess, do you see any deficiencies in the new military Reserve Forces law?

Yes. We do have a deficiency in the Reserve Forces Act. As far as some of its basic specialty choices are concerned they are filled entirely by voluntary action and to some extent that creates costly problems when we try to get our reserve units up to strength.

The program has done very well, though, over all. There are large bodies of men that we wouldn't have had if it hadn't been for this law. On the other hand, we could have kept our training establishment going much more economically and we could have met our requirements in the reserves much more systematically had we been able to fall back on drafting.

Do you plan to recommend any changes in the law to the next Congress?

We may have to recommend authority to effect drafting for the six months' program.

We will have to plan to ask for the draft based on how the remaining part of this year and the first part of next year goes on this particular program. This is the program for persons 17 to 18½ years of age. We asked the Congress for the right to have 100,000 men in this six months' program for '56 and '57 and then go up to about 200,000 for the next two years.

We have hit somewhere in the neighborhood of 40,000. If we keep up the present rate we will have more than 50,000 in fiscal '57, so we are running well below what we desired as a requirement. It may be that we will have to ask Congress for some stand-by draft authority on getting the required number of people into this program.

There is a great deal of resistance to such drafting authority, of course. People would much rather have a voluntary program. Nevertheless, our actual requirement hasn't changed.

Will you explain the six months' program for men with critical skills?

This program is designed for a man who is over 18½ years of age, who has a critical occupation in defense-supporting industry or research. Such a young man with the certification of his employer, can go to the local Selective Service Board, and apply for the critical skills program. Selective Service will validate him as being a skilled individual and will let him volunteer into one of the services.

The man then goes back to industry at the end of six months. He will in most instances be placed in the Stand-by Reserve where he will not be eligible for immediate call-up. In the event of an emergency, Selective Service is the only group that can return a standby reservist to military service.

What is the advantage to the employer?

It takes the individual out of the company for six months instead of two years, generally relieves him of his Ready Reserve obligation.

It gives him an orderly approach to his military obligation and does not take critically needed technicians away from the defense industry when they are needed most.

To what extent is industry taking advantage of this program for men with critical skills?

Up to the present time we have had about 1,500 applications for men to come into the critical skills program. The program did not really get under way until about the middle of March of this year.

In another two or three months we will probably get applications at the rate of maybe 100 or 150 a month, which is not too bad.

How many of those who apply are accepted?

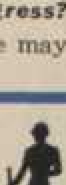
We have accepted about 800 so far.

Are you satisfied with results?

No. We haven't obtained the numbers that we wanted. I believe that the best thing for these young people who are in industry is to relieve the uncertainty that faces them with respect to draft calls. The best thing for the industry and the best thing for the man is to get this obligation behind him.

Of course, this is a small part of the total reserve program. We never expected this part of the program to go over 5,000 a year.

Can you explain why industry has



Will critical skills program help you with manpower problems? See page 64 for essential activities and occupations


M&M
ON PAPER

STIFFER DRAFT

continued

not taken fuller advantage of this program?

I can't put my finger exactly on the problem. I think industry ought to get behind it and get every possible man in the program.

How can business determine if an individual is qualified? What do you mean by critical occupation?

That is governed by the critical skills list that is placed in circulation by the Department of Labor in cooperation with ODM and the Department of Defense.

What happens to the individual

TO QUALIFY for the Defense Department's six months critical skills program, employe must be engaged in one of these currently essential activities:

1. Production, maintenance, repair of military aircraft and component parts.
2. Engineering, design of ships and boats and component parts for military purposes.
3. Production, maintenance of weapons and component parts.
4. Production of complex or custom blown scientific, technical and laboratory glassware, precision laboratory instruments.
5. Production of electronic and communication equipment for military use.
6. Production of propellant materials, high temperature resins and other chemicals used in missiles, aircraft, rockets.
7. Operation of water and sewerage systems.
8. Medical, dental, nursing, public health services, hospitals.
9. College, vocational teaching; some high school teaching.
10. Basic and applied research, exploration and development projects, including process development of direct concern to national health, safety or interest.

. . . AND SERVING in one of these occupations:

Chemist*

Clinical Psychologist

Die Setter

Engineer Draftsman, Design

Engineer Professional *(All branches)*

Foreman *(Critical occupations only)*

Geologist

Geophysicist

Glass Blower, Laboratory Apparatus

Jig-and-Template Maker

Mathematician*

Microbiologist* *(Includes bacteriologist)*

Nurse, Professional

Orthopedic Appliance and Limb Technician

Osteopath

Parasitologist* *(Plant or animal)*

Patternmaker

Pharmacologist*

Physicist*

Physiologist *(Medical)**

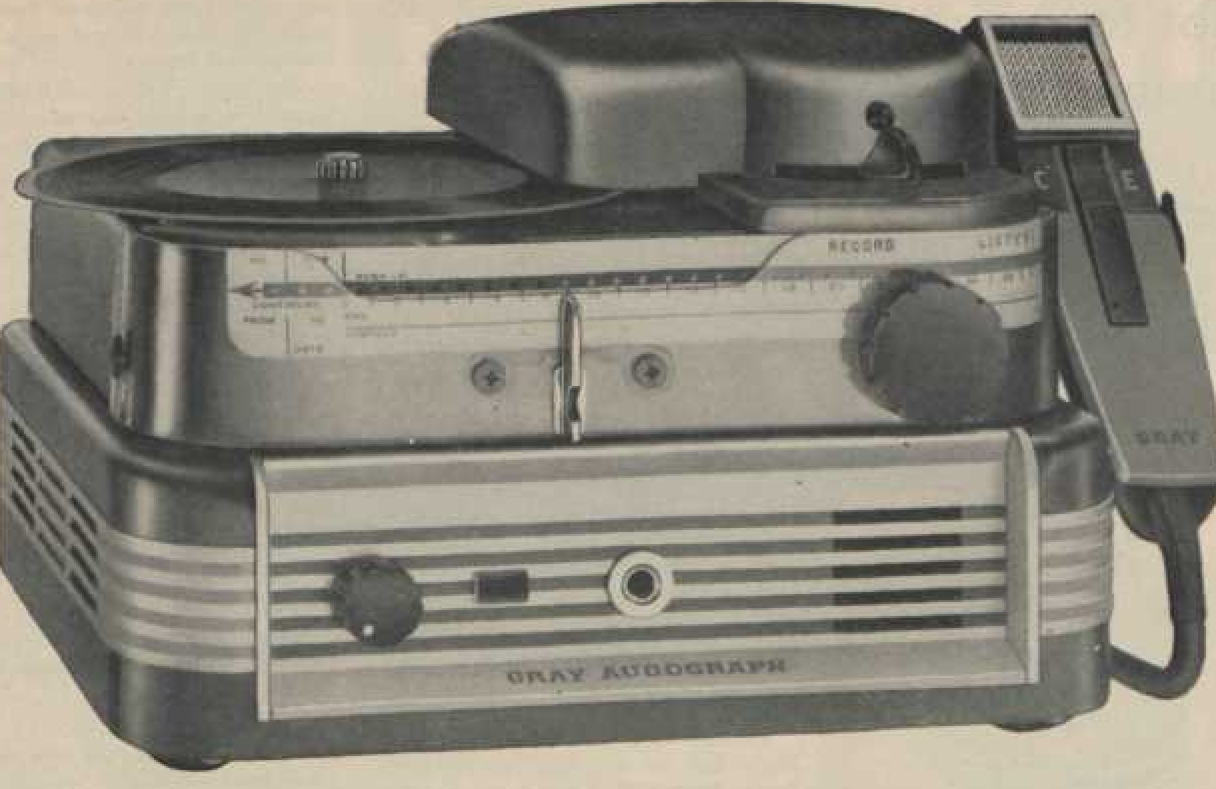
Teacher, College and Vocational *(Critical occupations only)*

Teacher, High School *(Mathematics and physical and biological sciences only)*

Tool and Die Designer

Tool and Die Maker

**Limited to those having graduate degrees or equivalent experience, education and training*



Today's new Rental Plan puts it on your desk tomorrow

No Deposit, No Down Payment...Completely Self-Liquidating!

You can get immediate delivery on a handsome new Gray Audograph V. It's yours for only $15.45 a month* on a one-to-three year rental. That includes guaranteed maintenance—plus an *option* to purchase.

There's no deposit, no down payment. And should you choose to exercise the option, basic rental payments will be *credited* toward the purchase price.

Only Gray offers you all these *exclusive* features: Full Control microphone . . . True Fidelity recording . . . Automatic Voice Leveler . . . and *re-usable* plastic Discs in 20, 30 and 60 minute sizes.

Even if you write only 3 letters a day, this *combination* recorder-transcriber saves more in correspondence costs than the monthly rental payments. That makes the Gray Audograph V more than self-liquidating . . . makes it a "bonus" proposition right from the start.

Our new Rent-Purchase Plan covers all Gray dictating equipment . . . individual Audograph recorders and transcribers . . . PhonAudograph direct-wire installations . . . and complete Telephone Dictation Systems.

For your free copy of our 4-color booklet "Talking Business" — plus convincing details of the Rent-Purchase Plan — clip and mail the coupon today!

*INCLUDES FEDERAL EXCISE TAX

GRAY AUDOGRAPH

PhonAudograph and Telephone Dictation Systems

MAIL THIS COUPON NOW

Gray Manufacturing Company NB-10
521 Fifth Avenue, New York 17, N. Y.

Please send free copy of "Talking Business" and details of your Rent-Purchase Plan.

Name ______ Title ______

Company ______

Street Address ______

City ______ State ______

STIFFER DRAFT

continued

after he serves his six months period?

He goes back to his firm in good shape to do a better job for his company and his community. In very many cases he will be screened to the Standby Reserve. If so, he must remain with his firm or in other critical defense-supporting industry or research.

What is likely to happen to regular draft calls in the next few months?

They may go up some. The draft calls have been low, as you know, because we were making some reductions. But intake programs into the Army have fallen off in recent months—not dangerously low by any means.

Is volunteering running low?

It is on certain Army programs.

How about re-enlistments?

Re-enlistments are running pretty high, but we are still having some losses from our Korean intake programs. We took a lot of people in during the Korean war on long-term enlistments.

How many men are in uniform now?

Around 2,850,000.

Do you plan to reduce that?

It may be subject to some reduction before 1959.

How much would you estimate?

I don't know how big the reduction is going to be. We haven't gotten a plan from the Joint Chiefs of Staff yet. There may be some streamlining of forces. There is a possibility, too, that we could have some efficiency adjustments over the period of '58.

Will there be a substantial reduction?

If you are referring to the reported cut of 800,000 that occurred here about a month or so ago, I have never heard that figure around the Pentagon. I don't look for anything of that magnitude.

Over the long run, do you expect the number of persons in uniform to remain about constant?

No, I think there will be some adjustments downward.

That is governed to a very large extent by your overseas commitments, and the Joint Chiefs of Staff have submitted no paper that I have seen that changes that in the slightest way. The overseas commitment is your first area of manpower reduction because that creates the need for training and rotation of personnel and large support forces are required when you get units outside the United States.

The next adjustment might come in an area where you would streamline for purposes of increased mobility or to recognize new weapons, and increased firepower. Then your third area is just pure efficiency, cutting out some of the overhead, getting a better relationship between combat forces and support forces.

It is in that third area where we may have some opportunities for adjustments within the foreseeable future. The other two areas are further down the road.

How many men do we have overseas now?

About a million.

Do you expect that figure to change?

I see no change in that. It might come in for some slight adjustment because of these aims for efficiency, but that's all.

Is it likely that, on the basis of increased firepower, we can reduce manpower over the long run?

We are constantly trying to find ways to streamline as we acquire new weapons, but to what extent that provides a manpower cut I have no figure to give you. I do think it's a prospect down the road, though.

What is the status of men who have completed active duty service?

That varies, depending on the time the person has spent in the active military forces. Men today who are drafted or come in for three-year or four-year enlistments have a total six-year obligation, counting their active and reserve service. That can be apportioned between active duty, Ready Reserve, and Stand-by Reserve. But in any event the people who spend two or more years in the military have a total six-year obligation.

Anyone who stays on active duty for five years goes straight to Stand-by for one year; the four-year man has one year in the Ready and one year in the Stand-by. It varies on down.

The six-month people have a total eight-year obligation, so this man would have six months in the Ready Reserve on active duty for training and seven and one-half years in the Ready Reserve or in the Stand-by Reserve if he was screened to the Stand-by at some time after he returned from basic military training.

How does the Ready Reserve screening program work?

Essentially we don't want anyone


Revolutionary New Photocopy Machine
Turn a Dial Get a Copy of Anything
DIAL-A-MATIC
APECO AUTO-STAT
Styled by Charles E. Jones & Assoc.
the brand new APECO DIAL-A-MATIC Auto-Stat
Now Get instant photocopies of anything written, printed, typed, drawn or photographed right in your own office.
Turn the dial . . . get the clearest, fastest most convenient copy of anything. It's the new all electric Apeco Dial-A-Matic Auto-Stat with revolutionary finger tip dial control. It's light weight for easy portability . . compact to fit on the corner of any desk and is styled in polished and satin finish stainless steel. It copies any original up to 15" wide, any length or color on opaque or transparent paper—printed on one or both sides. The Apeco Dial-A-Matic Auto-Stat offers hundreds of money and time saving uses at a price well within the budget of even the smallest firm.
The secret to the world's easiest copying method is in the dial. Amazing newly designed automatic copy control assures perfect copies every time. Just set the dial to the type of copies you want—your copies are ready in seconds.
Delivered with Lifetime Service Guarantee
Have You Read This NEW BOOK?
Mail This AIR MAIL Postage Paid Card
For your FREE BOOK
(See other side)
AMERICAN PHOTOCOPY EQUIPMENT CO.
Chicago 26, Ill.
American Photocopy Equipment Co.
1920 W. Peterson Avenue (Dept. NB-106)
Chicago 26, Ill.
Rush me, without obligation, your free booklet on new Apeco Dial-A-Matic Auto-Stat copying. I understand this factual report will show me how I can improve the efficiency of my business as well as increase work output.
PLEASE PRINT
Company
Address
City Zone State
Individual
Title
In Canada: Apeco of Canada, Ltd. 134 Park Lawn Rd., Toronto, Ont.
All-Purpose COPY-MAKER
THIS CARD TEARS OUT
use it to get your
FREE BOOK

New all-purpose copy maker

the brand new

APECO DIAL-A-MATIC *Auto-Stat*

The Improved DIAL-A-MATIC *for 195*

USED AND APPROVED BY EVERY TYPE OF BUSINESS

COPY ANYTHING AUTOMATICALLY

New FREE book tells how...

Your free copy of this new booklet is packed with pictures and details about this *revolutionary new copying method.* Tells what Apeco Dial-A-Matic Auto-Stat copies are and how you can use these copies in your business. You, as well as every executive member of your staff, should read this worthwhile informative, factual report on this important new copy maker. You will find out how you can save time and money by speeding production, by cutting costly office paper work, by expediting shipping and receiving and hundreds of other ways to increase the efficiency of your business.

FIRST CLASS
Permit No. 26670
(Sec. 34.9 P.L.&R.)
Chicago 26, Ill.

Via Air Mail

BUSINESS REPLY CARD
No postage stamp necessary if mailed in the United States

5c—Postage will be paid by—

AMERICAN PHOTOCOPY EQUIPMENT CO.
1920 W. Peterson Ave.
Chicago 26, Ill.

Use this tear-out postage paid air mail ca

MAIL CARD TODAY
for Free Booklet

STIFFER DRAFT

continued

in the Ready Reserve who isn't ready to go when we call him. We want to get back to business, back to education, or back to civic leadership or any of the professions any critically skilled man for whom we do not have an overriding requirement.

We want to get the Ready Reserve so that it's ready in action.

Do you regard 2.9 million for the Ready Reserve as a realistic goal?

I think it's a realistic ceiling. We have about 3.2 million men in the Ready Reserve. Most are not participating. They are obligated to serve, but they are not obligated to participate in training. Any man who came into the armed forces after Aug. 9, last year, the date the President signed the new law, has an obligation to participate.

I think we could have about 2.9 million Ready Reservists provided we don't try to keep them all in a training status.

You might take 2.9 million and break it down into two groups. One would be a highly trained, fully facilitated, participating reserve. The rest would be men who had prior service and had most recently come out of the military. You could assign them to reserve units for training in alternate years.

What is a realistic figure for the very ready?

This very ready reserve, I would say, should have somewhere between 1.8 million and 2 million.

How many are ready to serve now?

We have a participating reserve today—men who are training and are using our armories—of something over 900,000. That's the highest number of participating Ready Reservists we have ever had.

What is the number in the Stand-by Reserve?

Our figures are based on a Stand-by Reserve of something around 2 million by 1960. By the end of this year you will find something around 1 million Stand-by Reservists.

How would the reserve forces be mobilized in the event of sudden national emergency?

You have two possible types of war situation. One is the Korean type. The other is the complete surprise—nuclear or atomic attack.

The utilization of the reserves under those two concepts is vastly different.

Under the first—a war starting

STIFFER DRAFT

continued

from a small operation that starts to spread—the reserves would be systematically called up, given retraining, provided with the latest weapons, and then move normally to their ports and, in case of the Army, be sent overseas.

The Navy has an individual reserve. They would take the men who are in these Ready Reserve units and, with cadres back from the active forces, they would start to activate ships with the active force people and the participants from their reserve systems.

In the case of the Air Force, troop carrier wings in the federal reserve and tactical wings from the Air National Guard would be ordered to location.

At the time of Korea we just picked up the Ready Reservists because they had a Ready Reserve tag on them. They came out of businesses, left their jobs or professions, and there was a great deal of trouble because we were taking a lot of men who could ill be spared by industry.

In any future situation, we would call our Ready Reserve out but when we get our screening processes going at full tilt we would then only have in that Ready Reserve people who were available to the military and would cause the least disruption to business. The Stand-by Reserve would be eligible only for later call.

Now, in the case of surprise attack, your air wings would have a D-Day mission, your Air National Guard and other wings would immediately go into the ADC—the Air Defense Command—operations. They would be on the alert for interception missions.

The Navy, Marine Corps, and Army reserve units will be at home. They will be alerted and brought into a mobilization status at home base. They will perform an essential complementary mission to the over-all civil defense problem. There will be some time under attack conditions in this country before you will move those units to camps or stations for training refresher courses or equipment assignments. For some days after such an initial attack they will be pinned to do the job at home.

Are you satisfied at present that a surprise attack could be successfully handled?

We have a long way to go.

I think that we still have quite a bit to do in training these men to do the best kind of a job under thermonuclear attack. We have to teach them ways to handle feeding, assess the population, control fire and that type of thing. We are working toward that goal and some of the recent national disasters have given us some first class experience along these lines.

Are you satisfied with industry's attitude toward granting military leaves for reservist personnel?

It's less of a problem now than it was when I came to this job two years ago. I hear a lot less complaining about it than I did then.

Will the cost of the military establishment be reduced in the years to come?

I don't see much prospect of that.

Will it be raised?

I don't know how much it might be raised, but life's not getting any cheaper in America. We still continue to have higher cost of equipment, higher cost of men.

As we continue to try to provide more benefits for our people, prices mount and weapons of war are getting more expensive as they get more complex.

For the foreseeable future, a $35 billion defense budget—or higher—is a long range prospect. END

How young men can meet their military obligations

17 to 18½ year olds	ENLIST in Reserve, 8 years; 6 months duty, rest Reserve, or ENLIST in National Guard; induction deferred
17 to 26	VOLUNTEER, 2 years active duty, 4 years in Reserve
17 to 26	ENLIST in Army, Marines for 3 years; Navy, Air Force and Coast Guard, 4 years; serve rest of 6-year period in Reserve.
18 to 28	BE COMMISSIONED in ROTC type program, serve 2 years active duty, 4 years in Reserve
18½ to 26	ENLIST in Army for 2 years duty, serve 4 years Reserve
18½ to 26	BE INDUCTED, 2 years active duty, serve 4 years Reserve
	ENLIST in Reserve for 8 years in critical skills program; 6 months active duty, rest in Reserve

how to judge a fluorescent lamp . . . point no. 9

ask about ELECTRODE QUALITY

Better electrodes in a fluorescent lamp mean *longer lamp life*. That's why Westinghouse cuts no corners in its electrode manufacture. All Westinghouse electrode coil wire, for example, is drawn through diamond dies. Some of it has to be drawn so fine that a single pound will extend from New York to Pittsburgh. Thanks to constant development of new and better ways to make fluorescent lamp electrodes, Westinghouse has *tripled* the life of its fluorescent lamps since 1948.

WATCH WESTINGHOUSE

*WHERE **BIG** THINGS ARE HAPPENING FOR **YOU!***

RUSSIA'S GROWTH

SLOWS HER DOWN

USSR industrial output is booming, but there is a catch to it. Here is why the Soviet threat should diminish

RUSSIA'S expanding industrial production is the very force that will slow her down.

Our greatest assurance that the Reds' threat to freedom will diminish lies in the fact that Russia soon will begin to go through what every industrialized nation has experienced.

Right now Russia is expanding industrial production about 13 per cent annually, compared to U. S. expansion of four per cent annually from 1950 to 1955. If the Soviets' present rate of expansion were to continue, Red industrial production would triple in ten years. This seems unlikely.

The reasons are made plain in the Russian economic report (Report of the Central Statistical Administration of the USSR Central Council of Ministers) for the first half of 1956. This report shows that the Soviet system obviously will not collapse. It works.

But the figures also show that comparing Russia's growth with ours is deceiving and that Russia's economy is already beginning to feel the same effects of industrialization that other industrial nations have felt in the past.

The first point is that, while Russian industrial production is growing, agricultural output is lagging and production of consumer goods and services is not progressing as it is in the United States. The Russian system permits a concentration of economic effort, without reference to the desires of the population. By concentrating on industrial output—especially processing equipment and military goods—and forcing other parts of the economy to get along with what was left, Russia has made this one component grow more rapidly than it is growing in the United States.

But if consumption in the United States had been held down instead of being allowed to increase by 7¼ per cent per capita and if the resources freed could have been devoted to expanding the output of producers' durables, United States outlays for such equipment would have increased about 40 per cent. In that case we could have come close to matching Russia's rate of growth of industrial production and exceeded the actual quantitative growth by about 75 per cent.

In a short time we could exceed the Russian rate of growth, too. We could do what Russia is doing, and still maintain a high standard of living, if it were necessary.

The ability to concentrate attention on a segment of the economy—which in the United States represents only about 25 per cent of our activity—permits Russia to grow rapidly in this segment.

Other factors have helped Russia support this rapid rate of growth:

The low levels from which the growth started meant that little of the new production went to replace obsolete or worn-out equipment. Most of the new machines installed in Russia were net additions to capacity. Nearly half of those produced in the United States are replacements.

Russia was able to borrow new techniques from abroad, to jump from the technology of the '20's to the technology of the '50's at one leap.

Even with these advantages the Russian growth is not unique. Other countries have expanded rapidly in the past, too. Although steel production, on which the Soviet Union has concentrated its resources, has been increasing at perhaps seven per cent per year, the per capita production is still less than a quarter of a ton. United States production is about three-quarters ton per capita. In the days when United States production was less than a quarter ton per capita, our steel output was rising rapidly, too. During the depression years of 1870-1875 it rose more than 40 per cent per year. From 1875 to 1880 it rose more than 25 per cent a year. It rose more than 13 per cent in the '80's, more than 9 per cent per year in the '90's, and 14 per cent per year from 1900 to 1905. From 1905 to 1907, when output per person was .26 tons per year, as against the current Russian rate of about .24 tons, it rose 7.5 per cent.

In the earlier stages of our growth we matched the present Russian expansion rate. And we matched it while leading the procession in technological development, not borrowing most of our improvements from others.

Our rate of growth is lower now, about four per cent per year, but more of our wants are now supplied by nonmetals, chemicals, textiles, food, and by services. And military demands represent a smaller proportion of the take of steel in the United States than in Russia. So a four per cent increase in capacity per year permits us to expand our standard of living faster than a seven per cent increase expands the standard of living in Russia.

Before examining the chances that Russia's 13 per cent annual increase in industrial production may continue, we should take a brief look at other aspects of the Russian economy. The story here is quite different. The migration from farms may have averaged 2 million a year from 1950 to 1955, in part because of lack of incentive. There appear to be no more cattle on the farms today than there were 40 years ago. Food standards are lower than they were 40 years ago. Clothing and shoes are still inadequate. Housing is, in general, worse than before World War II.

The list could be extended, but the gist of the story is that consumers are getting only slight benefit from Russia's rapid increase in in-

IBM CARDATYPE®

solves **ACCOUNTING COMMUNICATIONS** problems
. . . automatically prepares 5-channel tape
and accounting documents at the same time!

For business operations such as wholesale distributors, branch offices, and warehouses—the IBM Cardatype gives you positive Inventory Control as a *by-product* of daily Order Writing, Pricing and Billing.

AUTOMATICALLY . . . the IBM Cardatype Accounting Machine provides a perpetual inventory control—based on *daily* sales!

At the same time, Cardatype prepares a compatible 5-channel tape capable of transmitting all data over telegraph-type facilities to distant points with assured accuracy. This new *exclusive* IBM development means tighter *centralized* control of *decentralized* operations.

Get the complete facts today. Call your local IBM representative or mail the convenient coupon below.

CARDATYPE DEPARTMENT A56
International Business Machines Corporation
590 Madison Avenue, New York 22, N. Y.

Send my free Cardatype folder to:

Name______________________________

Company______________________________

Address______________________________

City______________ Zone_____ State__________

IBM DATA PROCESSING

- DATA PROCESSING
- ELECTRIC TYPEWRITERS
- TIME EQUIPMENT
- MILITARY PRODUCTS

RUSSIA'S GROWTH

continued

dustrial production. Russia is making great strides in medical services, science, education, as well as industry. But consumers will not begin to benefit much from these developments for some time.

In theory, when Russia's rate of industrial expansion passes the United States, absolutely and per capitawise, she will then be able to devote more resources to other ends—consumer goods and services, or military purposes, or both.

Examination of the raw data and the operating conditions in Russia do not support this theory.

It is possible for a highly bureaucratic system to expand industry rapidly at the start, when incentives can be geared to industrial expansion, and labor, management, and capital concentrated there.

But as the setup becomes more complicated this centralized system works less and less well. Rates of expansion slow down.

The Russian leaders are learning this. They are finding that they must increase incentives to get more food, or more coal. But that reduces the relative incentive for the factory worker or manager. It will also force more diversion to consumer goods.

Similarly, as the economy becomes more technical, difficulties develop which have to be handled at local levels. Fewer problems can be referred back up the chain to Moscow. Moscow knows this, too, and is instituting changes in controls to accommodate to this fact. But it will take time to reorient the lower echelons so that they will be both willing and able to take the initiative, and to take chances. The rate of growth will be slowed down while this goes on.

Modernization tends to slow the growth rate further. Shifting a technique ahead 30 years may yield a big increase in output. Once the plant is up-to-date, the going is tougher.

The system itself will force a reduction in the growth rate because it is developing a better educated and better trained labor force. The economic report says with justifiable pride that the number of secondary schools increased by 2,000 in the past year. The number of graduates of secondary schools is reported to have been 1.4 million higher in 1956 than in 1955. The number of specialists receiving certificates is reported to have increased by 120,000, to a total of 750,000 this year.

The corollary will be a demand for better living standards. The

RUSSIA'S GROWTH

continued

peasant could be compelled to live with no privacy, practically no plumbing, and little space beyond that required for sleeping. A graduate engineer cannot work well under such conditions. The standard of living of Russians as a whole may have to increase rapidly if progress is to be maintained in industrial output itself. Industry can no longer take what it wants. Skilled workmen, technicians, engineers, and managers are becoming so important that their demands will take a significant part of total production.

The wartime dip in the birth rate will decrease the labor force. As a matter of fact, the economic report says that employment in the 12 months ending in June 1956 increased only 1.2 million. In the United States, it is reported to have increased by 2.5 million. (The Russian rate will soon increase, and the United States growth will drop, but the figure does show that Russia will now find it more difficult to man additional machines.) It would seem to be of real significance that, despite the small size of this increase, one fourth of it was channeled to schools, medical institutions, and scientific research. This left only 900,000 to go to industry and trade.

The pressure of the labor force is being further augmented by the increase in the age for leaving school. Compulsory education is being extended to the age of 17, and the proportion continuing beyond that is increasing.

Overemployment creates problems for the Russian planner just as it does anywhere.

One of the ways in which the government is moving to meet the demands for higher living standards is its increase in allocations to agriculture. The sixth five-year plan

Highly bureaucratic system can expand industry rapidly at the start . . .

calls for an increase of 70 per cent in the gross output of farms from 1956 to 1960. This would appear to be a propagandist statement, but agricultural output will be raised, possibly by 25 per cent. This will require a diversion from industry. When a farm tool is made where a machine tool was formerly produced, the value of production at that time may not be affected, but the capacity to produce more machine tools is affected.

That is beginning to happen in Russia.

If we put all such factors together including some others such as a reduction in working hours which has now started and less reliance on female labor for heavy work, etc., we might conclude as Dr. A. Nove, British economist and Russian expert, has done that Russian industrial output may increase by 75 per cent from 1955 to 1960, but increase at a declining rate, so that by 1980-1985 the rate may approximate 35 per cent. We might assume that United States industrial production continues to average about 24 per cent—the 1950-1955 rate. This may be a slightly high estimate because consumer preferences may shift toward services and less toward goods.

On the other hand, it could be low. As people have more and more money to spend, they may want summer homes, and two cars, as well as more vacation trips, and more concerts.

The data are not conclusive as to the absolute current relationship of Russian to United States industrial production, but the evidence suggests Russia is turning out about 35 per cent as much as is the United States absolutely, and a little more than 25 per cent as much per capita.

Should the Soviet's industrial growth pattern actually develop as the data suggests it might, Russian total industrial production would equal the 1955 volume of the United States by about 1961. Its total industrial output would equal the total output of the United States concurrently by about 1978. But per capita output in Russia would not equal that of the United States in this century.

The USSR is becoming an economic giant. But it apparently will not equal the U.S.A. even in its strongest area—industrial production—for another 30 years.

It probably will not equal the per capita output of the U.S.A. much inside another 50 years. The price it will have to pay for becoming a real giant is technical and economic education—and the price of education is freedom.

—Robinson Newcomb

modern mimeographing

"I can produce ten easy to read copies—or thousands—on hard or soft finished paper and card stocks in sizes from 3 by 5 to 9 by 16 inches.

"I can produce these copies in sharp black or in bright colors in one operation.

"I can produce copies on both sides of the paper immediately without slip-sheeting.

"And I never have to guess how. Operating instructions are permanently mounted on the machine—all controls clearly identified.

"Why don't you mail the coupon and get full information about the new developments in modern mimeographing?"

A·B·DICK®

THE FIRST NAME IN DUPLICATING

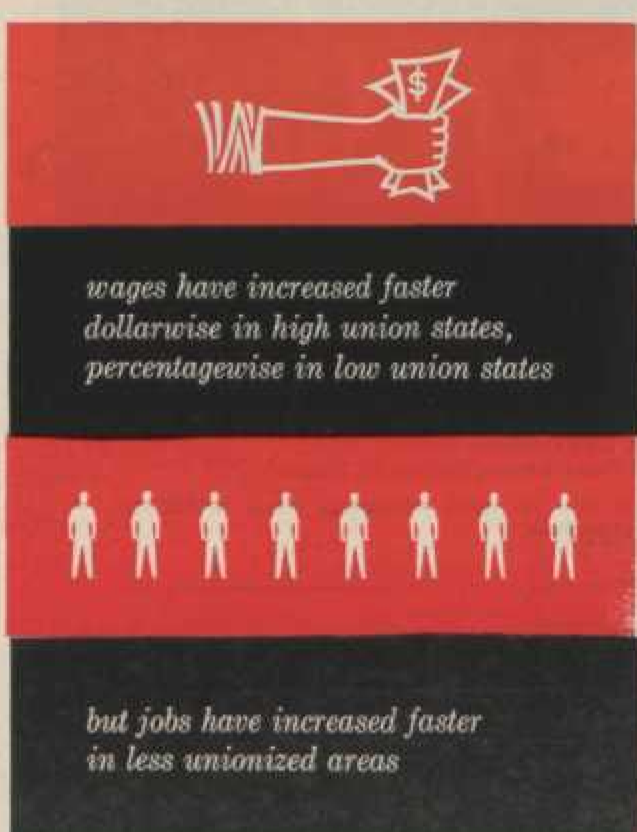
NEW FIGURES SHOW UNION IMPACT

Here are facts you can use to check theories about organized labor's effect on wages, jobs, business moves

A NEW VIEW of organized labor's effect on wages, employment, income, industrial relations and industry migration is now available.

The National Bureau of Economic Research has released estimates of union membership by states for 1939 and 1953—filling what one labor economist calls the "most important gap in American statistics of union membership." The National Bureau is a private organization highly regarded by economists for its studies in all phases of economics.

The study is based on examination of union records and comparisons with previous estimates made by the



Bureau of Labor Statistics, Dr. Leo Wolman, of the National Bureau, and others. Economist Leo Troy did the research under Dr. Wolman's direction. Although the complete study has not been published, the preliminary data, used in conjunction with other available figures, will throw needed light in several controversial areas. They will not stop arguments about the effects of union activity. They will, however, clear at least part of the confusion by making it possible to check theories against facts. Like this:

Wages. The arguments as to unions' effect on wages have been:

By the unions—that unions win wage increases for their members and, indirectly, for all workers.

By critics of unions—that wage increases which unions win would have been achieved anyway and that unions cannot raise wages faster than is economically feasible.

In its simplest form, the union argument would point to high wage levels in such heavily unionized states as Michigan, the Pacific Northwest and, generally, throughout the industrial section. However, this seems inconclusive. Unions have been strong only for the past 25 years or so, while the wage differential has existed as far back as the 1920's. Higher wages in these sections, critics say, are mostly explained by the fact that high-wage industries are located there.

What is significant, though, is the rate at which wages have increased during the period in which unions have been operating strongly—and during the period covered by Dr. Troy's statistics.

For absolute wage increases, unionized sections have definitely gained faster than nonunion sections.

Between 1939 and 1947, all but four of the 12 well unionized states gained faster than the national average. From 1947 through 1953 all 12 of them gained more rapidly than the country as a whole.

From 1939 through 1953 all 12 of the least unionized states showed gains, in dollar terms, below the national average.

Percentagewise, however, the figures are different. Gains in least unionized states have been greater: 261 for the 12 least unionized states to 216 per cent for the most unionized.

Today, even percentagewise, the figures are about the same. Rate of growth in nonunion states since 1947 has been 49.0 per cent; for unionized states 49.8.

Employment. Another argument on which the figures throw new light concerns union impact on employment. Do wage increases achieved through union pressure result in less employment for their members? The theory is that higher wage costs put pressure on employers to adopt labor-saving machinery thus reducing employment. Union economists have argued that union labor is more efficient and that higher wages do not mean higher labor cost.

The figures on changes in nonfarm employment during the period covered by the new study seem to bear out the argument that a relative absence of unions can foster gains in employment. For example, nonfarm employment rose 64 per cent from 1939 to '53 for the country as a whole. For the 12 least organized states, the average gain was 80 per cent. For the most organized states it was 62.1. In the postwar period (1947-1953), the national increase in nonagricultural employment was 14.3 per cent. For the nonunion states, it was 24.2 per cent. For the 12 most organized states it was 12.4 per cent.

The new material also makes it possible to study the effect of union membership on an accepted hypothesis concerning wages, employment and income. According to this hypothesis, employment trend is

the major influence on wage rates. That is: Where employment is rapidly increasing, demand for labor forces wages up; where employment is lagging, reduced demand for labor puts downward pressure on wages.

From 1947 to 1953, employment and wages followed this general pattern—with some notable exceptions. The new figures make it possible to see how, if any, unions are able to change this pattern. Such a study brings out some surprising results.

In Massachusetts, New York, Rhode Island and New Hampshire employment lagged and wages lagged as well, as the hypothesis would suggest.

In the Carolinas, the least organized states, employment gains exceeded the national average, but wages lagged.

In Florida, Nevada and Arizona, with less than the national percentage of union members, wages did not rise as much as employment gains would seem to merit.

This was also true in California—where union membership is greater than the national average.

In four of the most heavily organized states—Montana, Pennsylvania, Missouri and Minnesota, wages rose faster than the rate of employment gain would have seemed to warrant.

But this also happened in Kentucky, Idaho, Louisiana and Vermont—where the proportion of union workers is below the national average.

In West Virginia employment actually declined and one would expect wages to have been held back by this. West Virginia, however, is one of the most strongly organized states and wages have fully kept pace with the national average.

It would seem that the degree of unionization is only a secondary influence on wages, less important than the demand for labor (as affected by the rate of industrial expansion).

Income. The indirect effects of unions on income levels generally throughout a state have always been a subject of controversy. Unions have contended that, by forcing up wage levels, they force all employers to raise salaries accordingly. Hence, they argue, the effect is to raise all scales of living and benefit the entire economy.

On the other hand, the argument is that if unions raise wages, they can do so only at the expense of other groups; and the effect of uneconomic union pressures, where successful, will be to divert income to union members from other groups in the society.

This was the conclusion of eight economists who, in 1950, made an exhaustive inquiry into "The Impact of the Union."

Discussing "The Significance of Labor Unions for Economic Policy," Prof. Milton Friedman of the University of Chicago assessed the impact of the union thus: "Perhaps 10 per cent of the labor force has had its wages raised by some 15 per cent, implying that the remainder of the labor force has had its wage rates reduced by some one to four per cent, the exact amount depending on the relative wages of the two groups."

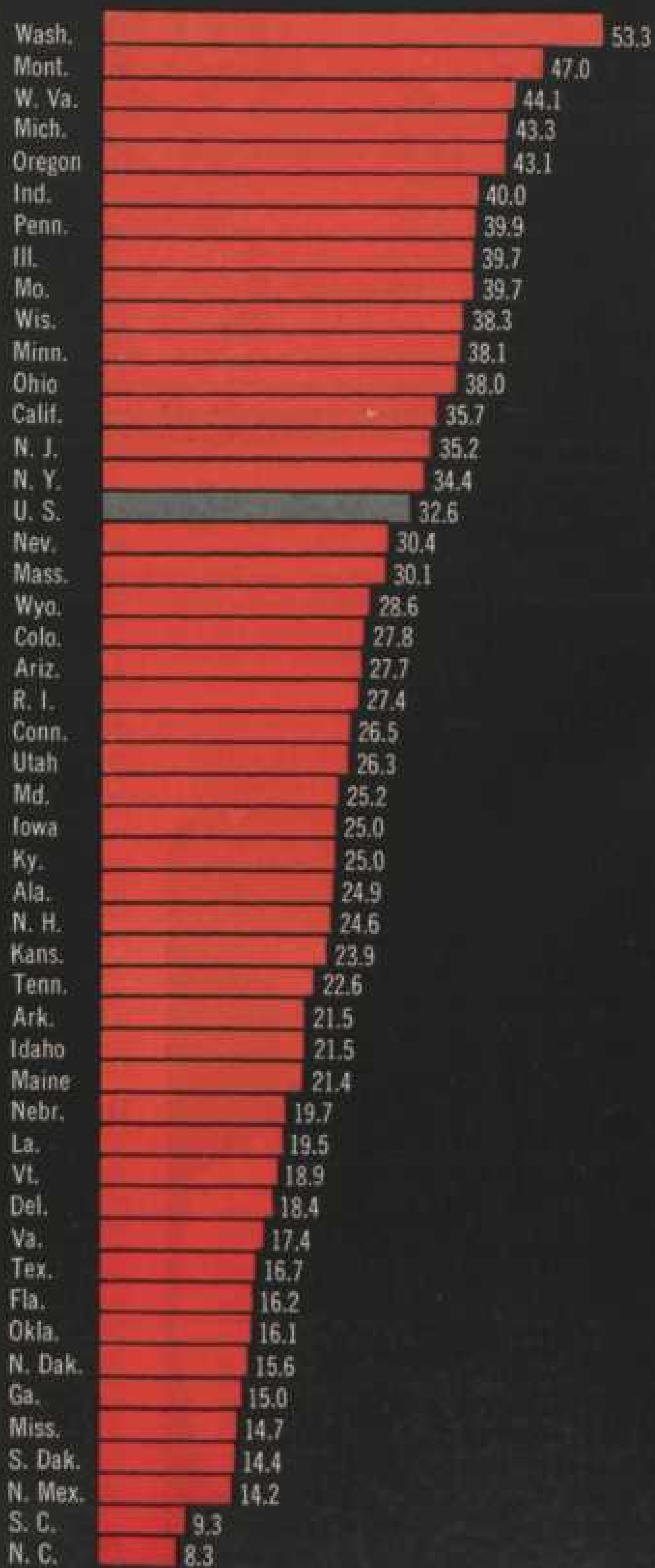
Professor Friedman's analysis was based in part on the theory that artificially rapid wage boosts foster unemployment, which in turn drives wages back.

Interestingly, not one of the eight economists dissented from Professor Friedman's general estimate, although anyone might quarrel with the exact figures chosen. In the group were economists of divergent views, including Prof. Kenneth Boulding, University of Michigan; Prof. Paul A. Samuelson, MIT, and Prof. David McCord Wright, University of Virginia.

Economists have never been able to agree precisely

UNIONS' STRENGTH BY STATES

per cent of nonfarm workers organized



SOURCE: NATIONAL BUREAU OF ECONOMIC RESEARCH

on the effects of unions on wages. Union economists have consistently fought for the view that, 1, unions can and do raise wages and, 2, do so without producing much unemployment, and, 3, that, as a result of union pressure on wages, all income and living standards generally are raised.

Commerce Department income figures show no significant results either way on this point. Heavily unionized states have, in general, seen per capita income advance slightly faster than the nation as a whole. On the other hand, the dozen least organized states have seen even greater gains. For the 1939-'53 period, per capita income in the U. S. rose 217 per cent. For heavily unionized states, the average gain was 230 per cent. For least unionized states, per capita income increased 275 per cent.

Industrial relations. One major contention of nonunion spokesmen has always been that unions cause trouble. The argument here is that employer-employe relations are disturbed by the presence of unions, particularly during their organizing efforts. This, the argument runs, leads to frequent and prolonged strikes and labor disputes.

The figures on work-stoppages and man-days idle in 1953 tend to bear out this contention. All but three of the 12 most heavily unionized states experienced more time lost due to work stoppages than the national average. On the other hand, although Delaware experienced considerable idleness as a result of work stoppages in 1953, the other 11 least-organized states were relatively strike-free. In fact, Oklahoma was the only one where man-days idle were even half as common as for the U. S. as a whole.

It is interesting to note that states which registered the sharpest gains in union membership—where organizing efforts were most successful—did not experience more strikes than the nation as a whole. In fact, employer-employe relations were exceptionally harmonious there.

But it should be noted that absence of strikes may not indicate the best possible labor relations picture—no strikes could mean weak, ineffective unions or employers who are quick to bow to union demands.

Industry migration. Those who feel that unions have played a positive economic role have always denied the argument that industry tends to move away from unionized areas.

It would appear, from gains in manufacturers' capital expenditures, industrial construction contracts and nonagricultural employment that industry is tending to move into nonunion states. However, it also appears that heavily unionized states have received fully their share of new industry. No clear-cut pattern emerges. Unionism does not seem to have been the dominant factor in causing industry to migrate.

Regional trends

Dr. Troy's new statistics also reveal some general misconceptions about the geographical spread of unionism.

They show, among other things, that the older industrial region is not the most heavily unionized. Massachusetts, Rhode Island and New York are surprisingly low, as are Connecticut and New Jersey. The relatively low degree of organization in those states contrasts with the substantial political power which unions wield there.

The highly organized sections are the established industrial areas and the Pacific Northwest. The centers of organized labor start in the East with the Pennsylvania-West Virginia region, dominated by John L. Lewis' independent miners, and proceed West through the states of the big industrial unions of the former CIO, including Pennsylvania's steel, Michigan's auto workers and the variety of heavy industry through Ohio, Indiana and Illinois. The region also includes Missouri, Wisconsin and Minnesota and on through Montana's copper mines and Washington and Oregon where the Teamsters, Longshoremen and others are particularly strong.

The former AFL unions are fairly evenly distributed. Their great strength (in the crafts rather than in the industrial organizations) lies in construction and in the Teamsters' gigantic organization.

It is interesting to observe that the middle South, except Mississippi, is fairly well unionized. The fact is that Alabama, Arkansas and Tennessee are all more highly unionized than Maine and Vermont. When one speaks of the nonunion South, it is rather of the Southeastern states or of Texas and its neighbors, New Mexico and Oklahoma.

The coal mining states where Mr. Lewis' mineworkers are strongest (Pennsylvania, Kentucky, West Virginia) have lost ground since 1939, relatively speaking. This is a reflection of the fact that Mr. Lewis had already achieved substantial organization by 1939, as well as the fact that coal employment has thinned.

Nevertheless, standing out above all the analysis of Dr. Troy's new statistics is one clear point: In no state has union organization proceeded to the point where union organizers will relax. Massachusetts, for example, has a greater number of nonunion workers than North Carolina—although the percentage figures show it to be more highly organized. In the 1953 series, only one state is more than 50 per cent organized—Washington (at 53.3 per cent). The difference between this figure and that of the Carolinas, both less than 10 per cent, is great enough to mean that union organizers will probably concentrate much of their fire on certain sections—the textile industry of the Southeast, for example.

But throughout the country such substantial blocs of potential members as those in chemical plants (356,000), office workers (7,800,000) and retail clerks (10,826,000), remain the biggest organizing target.

This will mean continued pressure in every state.—GUY WATERMAN

REPRINTS *of "New Figures Show Union Impact" may be obtained for five cents a copy or $4.50 per 100 postpaid, from Nation's Business, Washington 6, D.C.*

handling social and health problems.

9. Participate in all genuine efforts designed to improve social work standards and practices.

The basic principle behind this program, as stated by the AFL-CIO Executive Council last February, is that "unions have a responsibility for the health and welfare of their members and their families which extends beyond the place of employment."

"This responsibility," the statement continues, "includes not only the emergency caused by strike, unemployment or disaster, but extends to helping the employed member meet his personal or family problem."

The present community services program had its beginning with World War II. The CIO formed a War Relief Committee and the AFL organized Labor League for Human Rights to raise funds and to help war victims. CIO and AFL committees worked together on projects in 60 countries. As the war progressed, it was decided to extend aid through existing agencies.

Union counseling on welfare services was started by the War Production Board as an experiment in Detroit to reduce absenteeism and labor turnover and increase production in war plants. The CIO picked it up as the core of its community service program after the war, when its committee became known as the National CIO Community Services Committee. The present AFL-CIO program is pretty much the old CIO program, with Chairman Beirne and Director Perlis retaining responsibilities they held in the CIO.

If a union leader is to be effective, Mr. Perlis believes, he must become a community leader, identify himself closely to the needs of workers and the community and speak up and act on issues affecting them.

Those connected with the community services program are convinced that this is just the beginning.

"The future holds for labor the promise of shorter work days and weeks and an ever increasing amount of leisure time and longer lives," the Milwaukee County CIO Community Services Committee says in its annual report for last year.

"That these changes in our society will have an effect on the services offered to union members can be concluded. Labor must focus its attention on the need for enriched individual and family life, and the necessity of broader and more intelligent community participation.

"We are sure that the community services program is the new frontier of organized labor." END

When should a businessman take a worry to lunch?

If you're too busy at the office to tackle this particular worry there . . . then by all means take it to lunch with you.

For you can risk a slight case of indigestion. You *can't* risk going out of business.

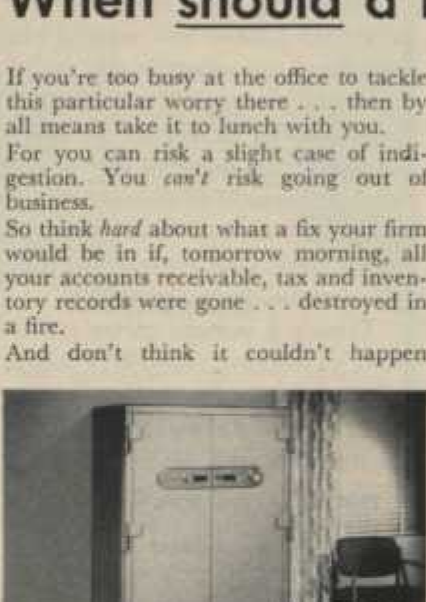
So think *hard* about what a fix your firm would be in if, tomorrow morning, all your accounts receivable, tax and inventory records were gone . . . destroyed in a fire.

And don't think it couldn't happen because you keep them in a safe. Unless that safe bears the Underwriters' Laboratories, Inc. label, it would probably just incinerate your records. And a fireproof building would simply wall-in the fire, make it hotter.

Fire insurance? To collect fully, remember you have to produce "proof-of-loss within 60 days"—pretty tough without records.

The risk is too great—don't take it. 43 out of 100 firms that lose their records in a fire never reopen! If your safe is old, or doesn't bear the Underwriters' label—*replace* it! Get the safe that has *never failed*—the famous Mosler "A" Label Record Safe. It's the world's best protection.

Find out how little it costs to own the *best*. Look up Mosler in the phone book. Arrange to see a Mosler Safe in the size and style your office needs. Or mail coupon ON NEXT PAGE for free 24-page booklet, "How to Be Sure Your Safe Is a Safe Place for Your Records."



The Mosler "A" Label Record Safe takes its place proudly in the most modern office. Designed by Raymond Loewy. Smart built-in look. Streamlined "Operations Panel" at no-stoop height. Exclusive "Counterspy" Lock has numbers on edge of dial, guards combination from prying eyes.

When you close this door, you know your records are safe against 4 hours of severe fire at 2,000°F. Against impact, explosion, too. Bears the Underwriters' Laboratories, Inc. highest ("A") Label. Interlocking door jambs, exclusive thermostatically-controlled insulated valve door among 32 special Mosler features.

IF IT'S MOSLER . . . IT'S SAFE

The Mosler Safe Company Since 1848

World's largest builders of safes and bank vaults. Mosler built the U.S. Gold Storage Vaults at Fort Knox and the famous bank vaults that withstood the Atomic Bomb at Hiroshima

COURT DECISIONS

continued from page 33

In addition to these appeals from lower courts, which it can accept or reject as it sees fit, the High Court has original jurisdiction in certain other cases. This means that it is the place where the suit starts, and that it must accept the case. Matters on which the Supreme Court has this type of original jurisdiction include suits between states and suits between the U. S. and a state—the tidelands case was an example.

This, then, is the nation's highest court, now beginning a new term. Here are some of the business-interest issues already before it—with many other equally important matters certain to be coming in right up to recess time next June.

► *The legality of harassing tactics by a union during bargaining negotiations.* During negotiation of a new contract with a textile company, the Textile Workers Union staged a series of slowdowns, sudden walkouts, longer rest periods, refusals to work overtime. The National Labor Relations Board said these were aimed at forcing the company to surrender to union demands, and so constituted a lack of good faith in negotiations. The Court of Appeals, however, overruled the Board, declaring that the union could have struck if it had wanted to and that the Board would then have been powerless to interfere. The Board, appealing to the Supreme Court, argues that these union tactics preclude good-faith bargaining.

► *The legality of a zone delivered price system.* The FTC said National Lead Co. and several other firms had conspired to sell lead pigments under a zone delivered price system, each charging the same price within a particular zone. Contending this was an unfair method of competition, the Commission not only directed that this agreement be dissolved but also ordered each individual company to stop using zone delivered pricing on its own.

The Seventh Circuit Court upheld the FTC finding of conspiracy and its order against continued concerted action by the companies. But it said the Commission could not bar individual companies from using a particular price system. Appealing to the Supreme Court, the FTC maintains that this ruling "severely limits the Commission's power to prescribe effective remedies against unfair methods of competition."

► *The tax privileges of merged firms.* A company wanted to carry over and deduct from its income in one year the net operating losses sustained in prior years by other corporations which were merged into it. Another firm wanted to use the net operating loss it experienced after a merger to get a refund on tax paid earlier by one of the premerger firms. The government says "no" in both cases; in one case the lower courts agreed with the government and in another they didn't. Both are now before the Supreme Court.

► *The power of the courts to set aside Interstate Commerce Commission orders suspending rail rate changes.* In August, 1955, southwestern railroads filed with the ICC proposed reductions in their freight rates on carbon black. The Commission first suspended the rate reductions, pending investigation, then decided to let the rates go into effect while the investigation went on. Truck firms went to court in protest. The courts set aside the ICC action and prohibited the use of the new rates pending the completion of the ICC investigation. The ICC, appealing to the Supreme Court, says this upsets all previous rulings that the Commission can suspend or not suspend proposed rate changes without judicial review of its actions. It argues that there are some 5,000 of these actions each year, and that making all of them subject to judicial review would completely disrupt the rate-making process.

► *Stock ownership and the antitrust laws.* The government charged that Du Pont, as a result of its ownership of some 23 per cent of the stock of General Motors, was given preference over other firms both in selling to GM and in getting rights to develop and market chemical products discovered by GM. A federal judge in Chicago dismissed the government's suit, finding that Du Pont did not influence GM and that GM's dealings with Du Pont were based on GM's best business judgment and not on pressure from Du Pont. The government, appealing to the High Court, contends that the relationship of the two firms clearly violates the antitrust laws.

► *The right of courts to force an American firm to compete in foreign markets.* Holophane Co., Inc., an Ohio manufacturer of prismatic glassware, was charged by the government with conspiring with French and British firms to divide up the world market for this product. A federal district court found that the companies had indeed agreed to parcel out among themselves different parts of the world as exclusive trading areas. It directed the American firm to compete in the areas previously allotted the British and

COURT DECISIONS
continued

French firms. The company appealed to the Supreme Court, questioning whether the agreement did violate the antitrust laws, and, if it did, whether courts can require a company to compete in foreign territories it's not interested in.

► *The effect of contract reopening clauses on the right to strike.* The National Labor Relations Act says a union wishing to modify or end a collective bargaining contract cannot strike until 60 days after notice is given or until the end of the contract, whichever is later. But what happens where the contract provides for renegotiation and modification at specified dates during the term of the contract? The International Oil Workers Union had such a contract with the Lion Oil Co. At one of the dates designated for renegotiation, the union served notice of its desire to modify the contract, waited 60 days, and then struck. The NLRB approved this procedure, but the U. S. Court of Appeals said there could be no strike during the life of the contract, regardless of any earlier reopening provisions. The board, asking the High Court to overturn this decision, points out that a high percentage of all labor contracts today have reopening clauses, and argues that the effect of the lower court decision would be "to eliminate resort to strikes in all negotiations for amendments pursuant to the reopening clauses in such contracts."

► *The effect of a false noncommunist affidavit filed by a union official.* The NLRB has been holding that, if a union official falsely swears he has not had communist connections, his union becomes ineligible for the benefits and protections afforded by the Board. The District of Columbia Court of Appeals has overruled the Board on some of these cases, while other Appeals Courts have been sustaining the Board. Several cases have been appealed to the High Court.

► *Use of union treasuries for political purposes.* The law says no corporation or union may make expenditures in connection with an election. The United Automobile Workers spent some of its funds in the 1954 Michigan elections to pay for broadcasts for particular candidates. The government charged the union with violating the law, but a district court dismissed the indictment, holding that these were not "expenditures" under the terms of the law. The government, appealing to the High Court, says it would be hard to think of anything that is more clearly an expenditure.

► *Employer liability to an injured employe.* Henry Ferguson, a baker on the *S. S. Brazil*, had to serve ice cream that was frozen hard. His ice cream scoop wouldn't do the job, and he had no ice pick. So he used a butcher's knife to chip out hunks of ice cream. His hand slipped and he was severely cut. He sued the Moore-McCormack Lines, arguing the company should have provided him with an ice pick. The company said it couldn't possibly have foreseen that he would use a razor-sharp butcher's knife in this fashion, and the lower court agreed that this was "not within the realms of reasonable foreseeability." It held the company free of liability, and Mr. Ferguson appealed.

► *The coverage of fast tax write-off certificates.* During World War II, about 80 per cent of the certificates issued by the War Production Board for fast tax amortization of new defense facilities were for less than the full cost. The Board figured that part of the facilities usually had some postwar civilian value, and allowed fast tax write-offs for only 85 per cent or 70 per cent or some other percentage of the total cost, with the rest to be depreciated at regular rates. Now many companies are suing for tax refunds—the government says that at least 40 suits are already pending, involving some $62 million of taxes—on the ground that the Board had no authority to grant anything but 100 per cent fast amortization on the approved plants. The government is contesting these suits. One circuit court has ruled for the government and another against it. The Supreme Court is now being asked to decide which is right.

► *The rights of railroads to minerals on rights-of-way granted by the federal government.* Many years ago, the government gave railroads rights-of-way across federal land to permit them to build rail and telegraph lines. The Union Pacific recently decided, however, that it wanted to look for oil and gas under these rights-of-way. The government sued to restrain this exploration, but the courts ruled that as long as the drilling didn't interfere with the railroad operations, the carriers had a right to do it. The government, appealing, says some 10,000 miles of rights-of-way for some 20 railroads are involved.

► *The standards to be used by the Federal Power Commission in regulating integrated gas pipelines.* The

FPC previously allowed pipelines to charge as the expense of the gas they themselves produced only the "cost" of the gas—and frequently this was very little, since the gas was produced incidentally to oil operations. Recently, however, the FPC changed this standard, and in a case involving the Panhandle Eastern Pipeline Co., said integrated pipelines should be allowed to charge themselves for their own gas the average price received in the particular fields in sales by independent companies. This is usually a much higher figure, and Detroit and Wayne County went to court against the new method. The D. C. Court of Appeals ruled that the FPC hadn't acted properly and sent the case back to the Commission. It said the Commission didn't have to use the cost rate method exclusively, but that it did have to use it as the point of departure in arriving at any new method. The court said the FPC had failed to produce substantial evidence that the $12.7 million rate increase permitted Panhandle under the decision was just and reasonable. Panhandle is appealing this ruling.

► *Operations by truck firms affiliated with railroads.* The ICC said it had the power to give a railroad-controlled truck firm an unlimited right to carry on trucking business, where the public interest demands this. Truck companies and rail labor unions contend, however, that the ICC can authorize these truck firms to carry on only such truck business as is "auxiliary to and supplementing" railroad service. When lower courts upheld the ICC position, the truck companies and railworkers appealed to the Supreme Court.

► *The rights of a group of employers bargaining jointly with a union.* Eight linen supply companies in the Buffalo area bargain jointly with the Teamsters local. In support of bargaining demands, the union struck one company, whereupon the other firms shut down. The union accused the other firms of unfair labor practices, but the NLRB supported the companies, insisting that the strike at one carried the threat of future strikes against all. The Second Circuit Court overruled the board, and the board appealed.

► *The power of states to ban organizational picketing.* The NLRB declines to exercise jurisdiction in certain labor cases where the volume of interstate business is too small. State courts in several instances have held that the states in these circumstances have power to enforce the federal labor laws and ban organizational picketing. The unions contend that this remains an exclusive federal prerogative, even where the NLRB has refused to assert federal jurisdiction.

► *Where auto damage suits can be filed.* In October, 1953, Travious Riddle Collins of Virginia was struck in Louisiana by an auto operated by a Louisiana resident insured by a Missouri insurance company. Mr. Collins sued for damages not in Virginia, Louisiana or Missouri, but in New York City, and the courts upheld his right to bring suit there. The insurance company, appealing the decision, is being seconded by the Association of Casualty and Surety Companies. The Association argues that if the courts don't require cases to be brought in the district where the accident occurs or where the insurance company has its office, "claimants will flock to the federal courts in large metropolitan centers where juries are more openhanded in making awards."

► *The power of the federal courts to force an employer to comply with his contract to arbitrate disputes with a union.* The Fifth Circuit Court in one case has held that federal courts can require such arbitration only where state law specifically authorizes judicial enforcement of arbitration agreements. The Second Circuit Court in a group of other cases said the courts can require arbitration under all circumstances. The Supreme Court must decide which circuit is right.

These are some of the cases with broadest business interest. Here are some of the other questions involved in cases already awaiting Supreme Court action:

Is professional football subject to the antitrust laws? Can a city condemn property after just one publication in the official city newspaper of its intention to start condemnation proceedings? How far can the states go in censoring obscene books? Is it legal for Alleghany Corp., the investment firm through which Robert R. Young gained control of the New York Central, to issue new six per cent convertible preferred stock for its old 5½ per cent preferred? Is the U. S. Government liable to Philippine civilians for supplies requisitioned by Filipino guerrillas during Japanese occupation of the island in World War II?

Can a state require a contractor to get a state license if he intends to work only on federal projects? Does an act permitting seamen to sue in federal courts for damages from on-the-ship injuries apply to the personnel of a dredge operating on the U. S. inland waterways?

—ALAN L. OTTEN & CHARLES B. SEIB

Make the time you need

There is better living and progress in your job through proper use of time. Here are six steps to achieve it

SUCCESS is in many (maybe most) cases a direct result of the way a man uses his time.

Many executives never overcome the frustrating thought that they have more work to do than they have time for.

Others keep ahead of their jobs and are unoppressed by their responsibilities.

Since everyone—plant manager, sales manager, research director, comptroller, or corporate president—has the same 24 hours a day, the difference in these points of view must be the result of personal planning.

Successful men have learned how to make time. Others can learn.

The practices of those who achieve success on the job and a satisfying life suggest six rules for getting the most out of the working day, whether it be seven hours or 14 hours:

- Decide what you want from your time.
- Plan carefully, on paper, each day, or at least each week, how you will use your time.
- Put time in where it counts most.
- Delegate well.
- Concentrate on the job at hand.
- Respect time.

This formula is not designed to harness the human machine to a treadmill nor is it a guarantee of success. Distilled from the working habits of several successful executives, it does suggest some approaches to a business problem of growing difficulty.

Decide what you want

Some men have built-in dynamos that force them to work intensely during the day, and then to participate in professional or trade associations, to engage in civic activities, to read broadly, to speak when opportunities arise, to write, and, heresy though it may be, to take work home in the evening.

Such men won't stop until they become top executives—vice president or president. Their built-in dynamos force them on to devote what time and effort are required to attain this higher level of accomplishment.

A determined few are not satisfied with top executive rank. They want to leave a reputation as well as an estate when their days are over. They seek the esteem of fellow businessmen, the prestige of civic and governmental jobs, of election to the presidencies of trade and professional associations, of the distinction that comes from publishing articles and books.

But every business also requires competent men to serve as plant managers, divisional sales managers, divisional comptrollers, or engineers. Many men balance the satisfactions (financial and social) of these important jobs against the demands that higher rank would make on their time and their health and conclude, "I'm well off." They prefer lower rank to the sacrifices—of leisure, time with family, physical well-being—that top leadership demands.

Whichever type of satisfaction a man decides he wants his time to bring him, he still faces the need to get the most out of his working hours.

Top management does not earn its salary simply by managing a staff, by seeing that today's job is done today. From it must come the ideas and the effort that meet the basic problems and make for growth and progress.

Hence, the top executive must make time in which he can learn more about the business, in which he can make friends throughout the industry, attend trade association meetings, seek out new products, plan new promotions, or find other companies that may be bought. If he does not learn how to manage his time so as to handle the routine and repetitive aspects of

You can make time

Some are frustrated . . .

the job in half or two thirds of his time and to reserve one third to one half of his time to the "plus" activities that make for his company's growth—and his own—then he will spend all or most of his waking hours at work.

Those of lower echelons can apply these rules to insure that the time reserved for serving the employer will result in a job well done—and security for leisure.

Plan your time

Victor Hugo wrote: "When the disposal of time is surrendered to the chance of incidents, chaos will reign." Yet many an executive surrenders his time to the chance incidents of a succession of unscheduled visitors, telephone calls, and come-what-may interruptions. He wastes time three ways:

1. He puts his time in on matters that do not contribute to the important ends he must achieve. Many an executive who carefully budgets each dollar his company spends, simultaneously gives little thought to where his time is put. Indeed, he may lose more time through failing to plan what he wants to get done than in any other way.

2. He fails to discipline himself in the use of his time. Consider, for example, the case of a businessman who sat with his attorney to discuss a problem in the early afternoon. They agreed that when they finished the discussion they would go to the plant to attend to another matter. Their discussion went on and on. The matter at the plant was never attended to. Had they had to catch a train they would have completed their discussion on time. Lacking the compulsion of a planned departure time, they did not discipline their discussion.

3. He fails to accomplish what he does devote his time to. Telephone calls prevent the concentration required, and his visitors—staff or customers—come away unsatisfied because he could not give undivided attention to what they wanted to talk about. Particularly his staff needs his guidance in the relaxed fashion that gives them the security they require in their association with "the boss."

To ensure that salesmen and others away from headquarters use their time effectively, many businesses require staff members to prepare detailed plans as to what they will do with their time. The ranger living and working in a forest many miles from an office of the U. S. Forest Service is required to file weekly and monthly work plans. These plans, developed out of years of experience of thousands of rangers, give substantial assurance that their time is effectively used.

The executive usually must develop his own ways of planning the use of time to achieve these same objectives. One executive, for example, sits in his den every Sunday evening and lists on his typewriter everything he wants to get done in the succeeding week—memoranda to be written, conferences to be held, telephone calls to be made, and people to be lunched with. He lists them in order of relative importance. This list is before him throughout the week; on his desk at the office, in his briefcase when he travels. As he completes each action he draws a line through it; the unlined items constitute his plan for the balance of the week.

The list itself is relatively unimportant. What is important is the unyielding habit of thinking out every Sunday evening what he wants to accomplish, of using the list throughout the week, and of developing those techniques which enable him to give relaxed, concentrated attention to the matter at hand, even while he keeps a mental eye on the next appointment listed.

Put time in where it counts

There is an old story about a farmer who told his wife he would plow the "south forty." He started early

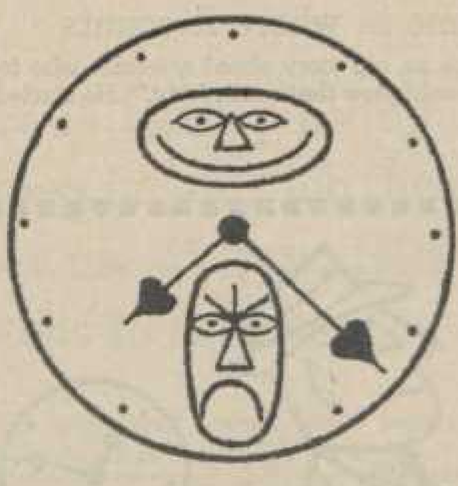
Some are unoppressed

to oil the tractor. He needed more oil so he went to the shop to get it. On the way he noticed the pigs weren't fed. He went to the corn crib, where he found some sacks. That reminded him that the potatoes were sprouting. He started for the potato pit. As he passed the woodpile he remembered his wife wanted wood in the house. As he picked up a few sticks an ailing chicken passed. He dropped the wood and reached for the chicken. When evening arrived, he still had not gotten the tractor to the field—and so time goes.

A motion picture of many an executive's morning

Make the time you need *continued*

would reveal that he, too, finds it difficult to get to the "south forty." He hangs his hat in the cloakroom. On the way to his office he meets a colleague and chats, or he sticks his head in a friend's office to tell him about the bridge game of the previous evening. When he gets to his desk the brief case (that probably hasn't been opened since he left the office to catch the 5:15) has to be emptied. It yields several time consumers—the magazine and advertisements stuffed in for evening reading. Before he finishes glancing over these his



Some tasks we like

curiosity turns his attention to the morning mail. A couple of letters cause him to dig into a problem that need not be dealt with until next week but which catches his fancy—and so time goes.

Many men waste time by giving too much time to those things they like to do, or what they find easy to do. A sales manager in the food industry spends so much time selling the customers he used to serve when he was a salesman that he has no time to manage a staff of 30 salesmen. He also insists on seeing personally the high school boy selling an ad for the school journal and the salesman selling calendars and blotters. Similarly, one public official admits that he looks forward to signing his mail and lingers over this routine. He admits it is restful not to have to think hard, or to argue with anybody—just mechanically sign his name to letters he has trained his secretary to edit and check thoroughly.

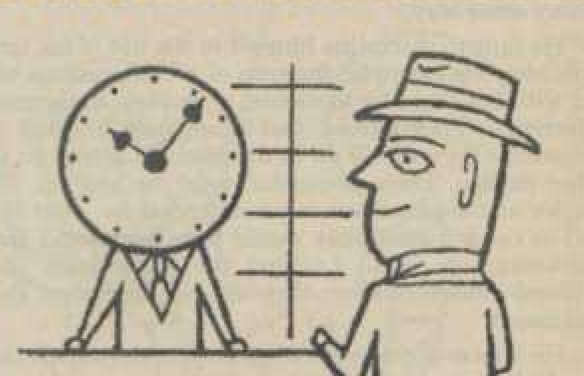
Every executive has many regular recurring activities, and some relatively routine tasks. The good time-manager reduces the routine tasks to the minimum and schedules them for those times he cannot put to better use. He ensures time when he is rested and fresh for the tasks requiring creative brainpower. The "plus" task may be the analysis of sales opportunities, the initiation of staff training, or it may only be the courteous, thoughtful call to a good customer on his birthday, or to an employe whose wife is ill. In short, the executive who continually puts his time in where it counts most, consciously calculates the importance of regular, repetitive, routine and "plus" activities and distributes his time among them wisely.

Delegate well

The company president who insists on personally approving the raises for his clerical staff is devoting time, for which he is paid $15 to $50 an hour or more, to work that is not worth more than $5 an hour. The executive who has eight, 10 or 15 people reporting directly to him is losing time by seeing people whose activities should be supervised by his subordinates. The executive who spends his time on long conferences with his staff striving to reach decisions has failed to force his aides to accept their full responsibilities.

Such executives could learn much from their more successful brethren. Benjamin Fairless, former chairman of U. S. Steel, for example, has said: "I pick out people whom I can trust to do things right and to whom I can delegate authority." The president of a string of radio and television stations insists: "I fight to keep myself from talking to my department heads; I like those guys but I can't afford to let them bring their bosses' work to me." And Eugene Black, president of the International Bank, makes clear to his staff that he doesn't want to spend his time on their problems "until the problem is clearly defined and a solution has been thought out."

To delegate well means more than entrusting activities to assistants. It means defining for each exactly what is to be done (and, to develop the subordinate, not how it is to be done). To assign a task without ensuring that there is a meeting of the minds is to risk having to direct later that it be done over. In short, the executive who saves time by delegating, takes time to communicate exactly what he expects and continually trains his associates to make sure that what they do will need a minimum of review before ap-



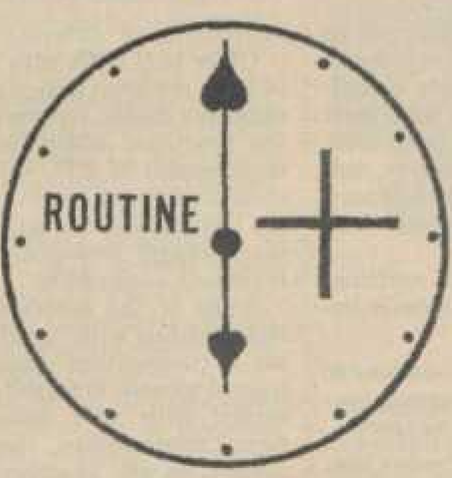
What do you want?

proval. He does not rebel at handling details, if discussion of details is essential to achieving that meeting of the minds that constitutes good delegation.

Concentrate intently

An executive has been defined as one who has a dozen balls in the air at any one time. But unlike the teen-ager who insists she can study best while playing the latest records and looking at television, the average executive can solve only one problem at a time. Unless he concentrates intently on what has to be done, or if he accepts responsibility for more problems than he can give concentrated attention to, his time will be wasted because problems that are not decisively disposed of bounce back and back again.

A sales manager, for example, comes into the divisional vice president's office to report criticisms of the handling of new trainees. The two men agree "something must be done." Ten minutes are consumed, while a visitor awaits the vice president, as the two men exchange opinions on sales training. They separate with a vague feeling of agreement but no specific understanding as to who does what, next. They have dis-



How much for each?

missed the problem—only to have to consider it again and again until they put a sufficient amount of concentrated executive brain power on it to hammer out a program, a schedule and a budget.

The skill of the executive is difficult to define. He handles many problems on which he can claim no expertness. He makes decisions that involve judgments of experts in many fields, perhaps the doctor, the actuary and the lawyer, or the chemist, the merchandiser and the finance man, and relies on their expertness in each of these fields. He reaches a decision by asking a succession of incisive questions that go to the heart of the problem.

When the executive has drawn out answers, oftentimes the decision becomes apparent; it is as Mary Parker Follett wrote, "the law of the situation." But the end product that is needed, a decision, can be attained only if he concentrates on asking the right questions, in sensing the earliest appropriate moment at which the decision can be crystallized, and then in stating the decision in terms intelligible to all.

Respect time

Respect time

On the death of Douglas Southall Freeman, long-time editor of the Richmond *News Leader*, radio commentator, lecturer, director of a foundation and three corporations, and author of 11 volumes of distinguished biography, the New York *Times* commented that the genius of the man lay in almost inhuman self-discipline. As his asistant for almost a decade, I learned that his self-discipline was coupled with a fervent respect for time. A sign over the clock that faced the visitor who came to his office read: "Time alone is irreplaceable; don't waste it." An inexorable conscience simply would not allow him to waste time; this was the genius of his accomplishment.

Executives who get the most done live by the rule stated by the preacher at President Eisenhower's church a few years ago: "To squander time is sin, is immoral. There is only so much time in the deposit of human energy and in the attention span of the individual—and to abuse it or misuse it is an evil thing."

If a scheduled visitor fails to appear, the time-disciplined executive can't idly wait until the next appointee appears. He can't turn to the morning newspaper or to passing the time of day with his secretary or his colleague in the next office. He can't let the discussion of his colleagues during conference drift or digress.

When he has to wait on the telephone, he makes notes, signs letters or takes care of other routine activities. When he sets his appointments for the next day he considers how he can get just one more appointment in. When he travels by plane his conscience won't permit him to thumb through what magazines he may find on the seat; a sheaf of papers in his brief case command his attention. And relaxation, at home in the evening, for him will often be the reading that gives foundation for another day's problems.

In short, executives who attain the peaks put every available minute to good use.—JOHN J. CORSON

REPRINTS *of "Make the Time You Need" may be obtained for five cents a copy or $4.50 per 100 postpaid, from Nation's Business, Washington 6, D. C.*

ANTITRUST OUTLOOK: new battles ahead

Next Congress will revive tighter controls fight. Some bills would harass the routine transfers of assets, and apply a form of business licensing

CONGRESSIONAL interest in tighter antitrust controls continues.

The variety of proposals considered in the past session and their sponsors' enthusiasm for them indicates that the major measures, featured by strong bipartisan support, will be lively issues in the next Congress.

Here are some of the antitrust and trade regulation proposals before the past session:

1. To require advance notice to antitrust agencies of proposed corporate asset transfers or mergers.

2. To allow the Federal Trade Commission to obtain court injunctions against proposed mergers.

3. To subject bank mergers to the Clayton Act, or provide stricter controls in banking statutes.

4. To limit the "good faith meeting of competition" defense to a price discrimination charge.

One bill enacted enables a franchised automobile dealer to sue a manufacturer for damages stemming from "coercion or intimidation" in carrying out or terminating a franchise contract. Another measure, which gained Senate Commerce Committee approval, would make relations of automobile manufacturers and their dealers subject to FTC regulations. This bill defines various unfair trade practices in auto sales and makes them violations of the FTC Act.

In signing the Auto Dealers Franchise Act, President Eisenhower asked the federal antitrust agencies to institute studies and make recommendations to the next Congress for alternative or different legislation.

Other bills dealt with restatement of basic antitrust policy or purposes, exclusive dealer arrangements, pricing practices, additional penalties, enforcement of FTC orders, broadened civil investigative authority for the Department of Justice, and making damages recovered in an antitrust suit nontaxable.

Some of the proposals—such as those dealing with "good-faith meeting of competition" under the Robinson-Patman Act, and those concerned with auto dealer-manufacturer relationships, had business support as well as opposition.

The nearly enacted premerger notification and waiting period proposal, however, met a virtually unbroken front of opposition from business.

This drastic and far-reaching measure passed the House and was favorably reported by the Senate Judiciary Committee, after several amendments, in the closing hours or Congress. It is likely to be revived in the next session.

It would amend Section 7 of the Clayton Antitrust Act which prohibits one corporation engaged in interstate commerce from acquiring stock or assets of another "where in any line of commerce in any section of the country, the effect of such acquisition may be substantially to lessen competition, or to tend to create a monopoly."

The amendments of this section would have applied—with some exceptions—to stock or asset sales of corporations, whose combined capital, surplus and undivided profits exceed $10 million. Exemptions would

include an acquisition of stock or assets that amounts to less than $1 million.

Such a sale could not be closed until at least 20 days after the Federal Trade Commission and the Department of Justice had been notified. This period could be extended to 90 days by the government agency. In the case of federally regulated companies, such as railroads or airlines, the regulatory agency would be notified and this agency in turn would inform the Department of Justice.

Following notice, the Department of Justice and the Commission or Board having jurisdiction could, within 90 days, call on the companies to provide "such additional information as may be required."

A further provision would allow the FTC to bring a court action to enjoin an intercorporate stock or asset acquisition, either before issuing a complaint or pending completion of proceedings. This could be done whenever the Commission had reason to believe that enjoining the acquisition would be to the public interest.

An amendment sponsored by Senator Dirksen and included in the bill as finally approved by the Senate Judiciary Committee would permit companies to go to court to get a binding declaratory judgment as to the lawfulness of a merger, where the Department of Justice or the Federal Trade Commission threatened a suit or officially asserted that the merger would be illegal.

This would permit the companies to get a decision on a proposed merger without waiting for the government to institute a suit to block it.

Strong impetus for this bill arose early this year when the President's Economic Message commented that "mergers have become numerous of late and an eye, at once vigilant and discriminating, must be kept on such developments."

Adding that "it is desirable to strengthen our antitrust laws and provide larger appropriations for their enforcement," the message advocated that "firms of significant size" planning mergers be required to give advance notice to the antitrust agencies and to supply the information needed to assess the proposed merger's probable impact on competition.

Although ostensibly intended to make it easier for the antitrust agencies to get advance notice of potentially monopolistic mergers, this bill actually would have applied to a great variety of business transactions, whether or not they had antitrust implications. They would include sales of land or buildings;

ANTITRUST

continued

machinery or equipment; raw materials; leases or other interests in real estate, including oil production payments, standing timber, mineral royalties; patents, copyrights, and licenses to use processes, to name only a few of the many categories in which routine asset transfers may occur.

Neither agency gave any specific information as to how it would have to increase its staff to administer and enforce the proposed law.

Secretary of Commerce Sinclair Weeks objected to the required waiting period, pointing out that it would harass many routine business transactions and stymie even beneficial mergers.

Also in opposition were businessmen, trade associations and the American Bar Association. The bill was criticized as an unwarranted extension of government regulation of a broad range of business transactions under the guise of more effective antitrust enforcement and as increasing the existing dual jurisdiction over law enforcement in the antitrust-merger field.

Some changes made in the bill by the Senate Committee were designed to meet criticisms of its broad scope. As it passed the House, the notice and waiting period requirements would have applied to a much wider range of stock or asset acquisitions. The $1 million exemption, which would eliminate many minor transactions, was added by the Senate Committee. Any such arbitrary exemption, however, falls short of meeting the basic question whether prenotification has any public interest advantage which would outweigh the objections.

Those who opposed the measure pointed out that the question is not solely one of prenotification because the effects cannot be evaluated without considering them in conjunction with other requirements.

This bill would enable the federal government to block any covered merger or acquisition regardless of the motivation or actual effect of the transaction upon competition. In essence, it would apply a form of licensing to business generally, based on a criterion of size.

This could operate even to forestall acquisitions which would promote competition. The harmful impact undoubtedly would be greatest upon smaller and weaker concerns for which growth or diversification through merger or acquisition may be the most practical means of maintaining an effective competitive position.

Heavy taxation which prevents many firms from accumulating needed growth capital is a prime reason why one company sells out to another. Inability of owners of a business to set aside cash to take care of inheritance and estate taxes alone encourages many mergers.

The need to reach wider markets, to diversify products, to expand research and development, are some of the other reasons why mergers take place.

Such mergers increase competition. They should not be blocked or hampered by government action.

A mandatory waiting period would place a serious, often fatal, obstacle in the way of such transactions. Personnel relations and relations with customers and suppliers are involved, as are market fluctuations in values of securities or property; control may be lost over the timing of tax impact; commitments for financing may be prejudiced or made more difficult to obtain. Perhaps even the bargaining situation of the concern from which assets are to be acquired would be weakened.

Frequently premature disclosure of plans will thwart a mutually advantageous transaction.

The proposals also introduce a new concept into the antitrust laws—the regulation of mergers (and many transactions that are not essentially mergers) based upon an arbitrary standard of size. The result would be to change the standards of illegal conduct set forth in present law.

Spokesmen for a number of business organizations have emphasized that this type of legislation represents a "cart-before-the-horse" approach to problems of maintaining a healthy competitive economy.

As it passed the House, the bill included a requirement that on mergers or asset acquisitions involving companies subject to the jurisdiction of the Interstate Commerce Commission, the Civil Aeronautics Board, the Federal Communications Commission, or the Maritime Commission, notice would have to be given to the Department of Justice, which would be entitled to request further relative information and the waiting period would apply.

This added burden, eliminated by the Senate Judiciary Committee, could have meant unnecessary and harmful delay in concluding complex transactions which the appropriate board or commission had fully considered.

The Senate Committee also deleted a House-approved provision

which would have brought banks under the Clayton Act. This had been widely criticized as creating unnecessary complications for commercial banking.

For more than 100 years American banking has been supervised and chartered by the federal and state governments. Banking competition has flourished under this dual system. Proper supervisory agencies and mechanisms have been established and operable for many years.

Banking groups supported a bill, which passed the Senate, designed to give the existing bank supervisory agencies stronger control over bank mergers. Under this bill the agency supervising the banks involved would be required to consider competitive and monopolistic factors as well as banking factors in passing on mergers. Provisions to the same effect were incorporated in the merger-prenotification measure as reported to the Senate.

New endorsement for pre-merger notification, extension of regulation of bank mergers, and FTC authority to ask for a court injunction to stop a merger before it issues a complaint was expressed shortly after Congress adjourned in the First Progress Report of the Cabinet Committee on Small Business, headed by Dr. Arthur F. Burns, Chairman of the Council of Economic Advisers.

Another proposal endorsed by the Cabinet Committee is that when civil antitrust actions are contemplated, the Attorney General be empowered to issue a civil investigative demand. This authority would enable the Department of Justice to compel a person or company to produce relevant documents before the filing of a formal complaint, and without having to invoke grand jury proceedings.

Another issue before the last Congress and likely to be revived, involves the "good faith meeting of competition" defense to a charge of price discrimination under the Robinson-Patman Act.

This act—a part of the Clayton Act—bars price discrimination by sellers where the discrimination may substantially lessen competition or create a monopoly.

The law permits price differences which can be justified by differences in cost of manufacture, sale or delivery resulting from differing methods or quantities in which the goods are sold.

The law also provides that it is a defense to a charge of price discrimination to show that the lower price was made to meet the equally low price of a competitor.

Whether "good-faith meeting of

ANTITRUST

continued

competition" should be an absolute defense to a price discrimination charge is the basic issue.

The Supreme Court, a few years ago, held that it was.

Claiming that this decision creates a loophole in the law, several wholesale and retail trade associations have pressed for an amendment limiting the scope of the good faith defense.

They have maintained that the good faith justification permits discrimination between different purchasers even though it may injure competition substantially or tend to create a monopoly.

Hence, they say that a seller may be allowed to engage in the very kind of practices which the Robinson-Patman Act was designed to prevent. One proponent of the bill said that present law gives to "unscrupulous buyers the right to extract from their suppliers unearned discounts and other price preferences."

A bill which passed the House by an overwhelming vote was supported by these business groups as a means of plugging the loophole. This measure, which was made a part of the bill relating to merger prenotification reported to the Senate, would preclude "good faith meeting of competition" as a defense where "the effect of the discrimination may be substantially to lessen competition or tend to create a monopoly in any line of commerce."

Opponents of this proposal argue that a seller should properly be permitted to continue to meet a competitor's price by granting price differentials to some customers without reducing prices to all.

They especially urge that the proposed change in the law would hurt small manufacturers selling for resale to buyers who might have to reduce prices to one or more customers to meet price competition of large manufacturers and other large sellers. A firm might even be prevented from competing in particular areas with more favorably located sellers, it is pointed out.

Federal Trade Commission members split over this issue. Commissioner William C. Kern, speaking for the three-member majority of the Commission favoring the bill, said that recent court decisions "present alarming implications for future enforcement of the price discrimination section of the Clayton Act in its present form." Chairman John W. Gwynne, who joined with Commissioner Lowell Mason in opposing the measure, told the Senate Judiciary Committee that the Commission had issued six cease and desist orders in price discrimination cases where the good faith defense was asserted.

The President's direction to the antitrust agencies for further study of the Auto Dealers Franchise Act reiterated criticisms expressed by auto manufacturers and some dealers in the Congressional hearings.

Dealers supporting the measure and their association spokesmen maintained that under prevailing franchise provisions they had no recourse to the courts if a manufacturer did not exercise good faith in relations with them. They said that the right to redress through the courts was needed to protect them against coercion or arbitrary action such as franchise cancellation.

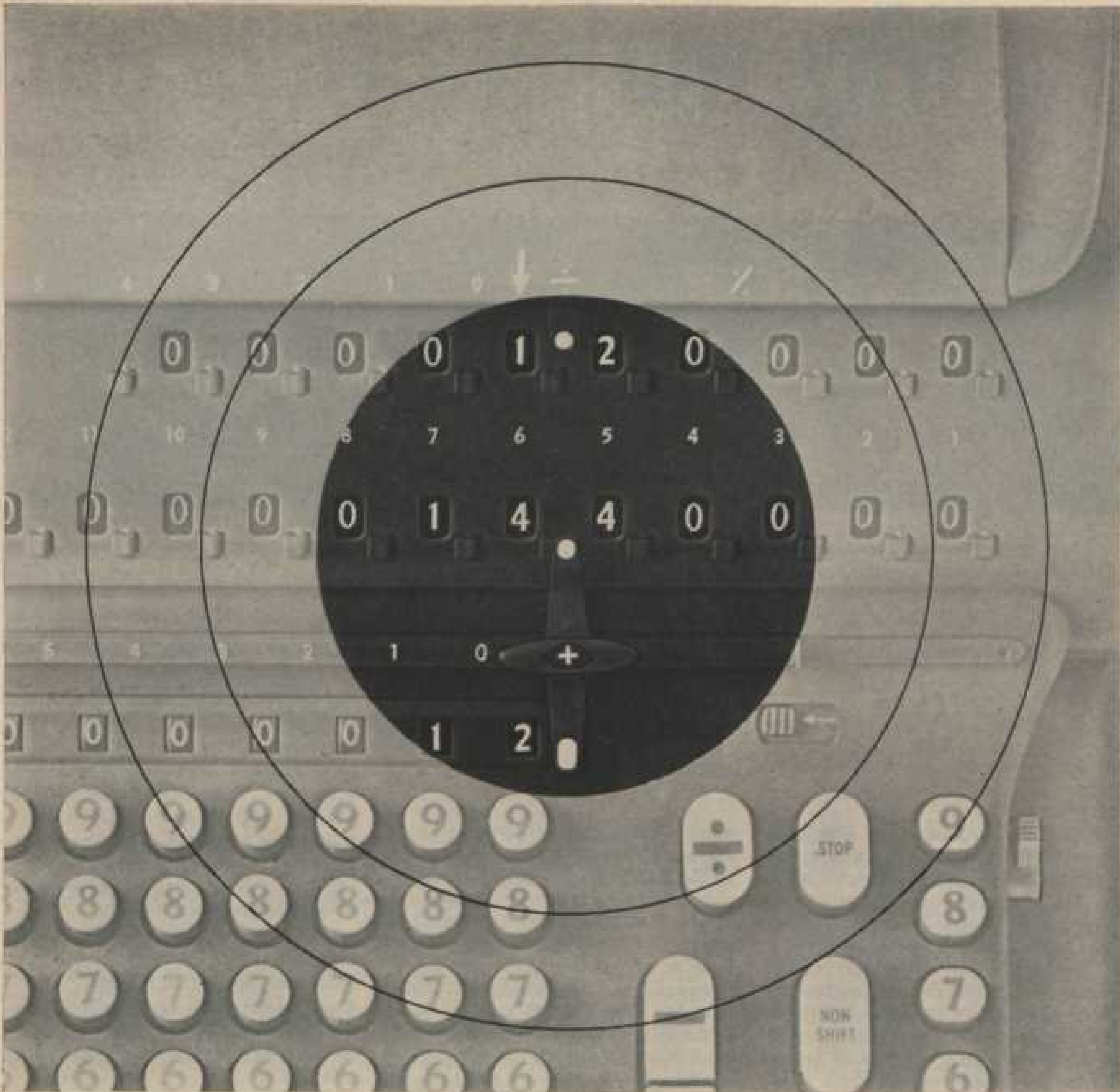
Manufacturers and others criticized the bills as class legislation which would set a precedent for government regulation of business dealings in other industries. They charge that disputes and litigation would be provoked, and that a manufacturer

would face a potential lawsuit every time he terminated or failed to renew a contract, regardless of the cause. Vagueness of terms in the law would aggravate the problem, it was emphasized.

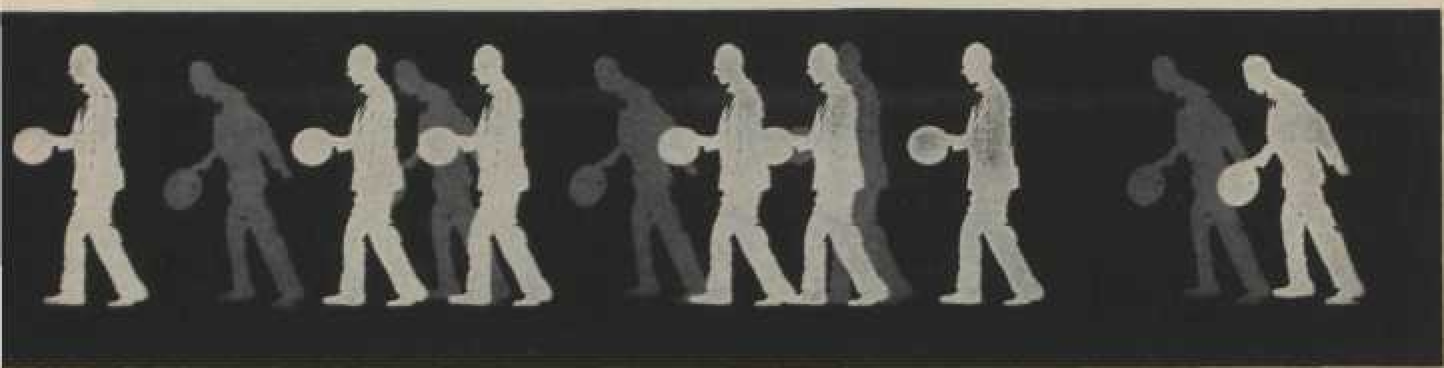
When he signed the bill, President Eisenhower said that it "represents a serious Congressional effort to deal with abuses Congress found to exist" but added that it offered only a partial solution to the problem, and that it presented legal problems.

"Ordinarily when parties enter into a business agreement outside the realm of public utilities," the President said, "legislative action which qualifies their rights to terminate or renew the agreement in the manner provided by this legislation would be considered an unwarranted intrusion by the federal government into the area traditionally reserved to private enterprise. Therefore, this bill represents a new departure in the exercise of federal authority, a point which will undoubtedly come to the attention of the courts."

—MILTON A. SMITH


STOP
NON SHIFT

Why workers walk out



New study uncovers:
▸What's behind quitting
▸How you keep employes

HIDDEN reasons why employes may quit are revealed in a new investigation by a leading research center.

The study also suggests methods employers can use to help keep their workers and slash turnover costs.

You could lose 20 per cent of your employes—maybe more—in the next year. Each time one quits, hundreds of dollars go down the drain.

Last year, 19.2 per cent of manufacturing employes left their jobs, according to U. S. Department of Labor calculations of worker turnover. In some industries more than half the employes resign in a 12 months' span. This year's quit rate is running even higher than last year's. Traditionally, quitting is high in prosperous times.

Depending on the business and the rank of the employe who leaves, such costs as training, hiring, accounting, advertising, tool breakage and spoilage, overtime of other employes, supervisors' lost time in training new men, lowered morale and higher accident insurance rates swell the price of turnover. Industry and government studies find costs ranging from \$36 to \$25,000 for a single resignation.

The new information on worker resignations was developed by the University of Michigan's Institute for Social Research. The study was made under contract with a large midwest company. But according to the Institute researchers, the findings are universally applicable.

The investigation was designed to weigh the effect on employe turnover of what the researchers call "personal need satisfactions." Specifically, they wanted to know if it is really important whether a worker's job satisfies his hunger for such food for the ego as recognition, achievement and autonomy. Will a worker quit if these needs aren't met? The answer is "yes."

Of course, lack of ability and, frequently, basic economic reasons cause much jumping from one job to another. On the money motive, Ian C. Ross, assistant to the Institute director, notes:

"Someone making \$2,000 a year will put up with a lot of dissatisfactions in a new job where he can make \$4,000 a year." Mr. Ross conducted the study with Alvin Zander, an Institute program director.

"We're not comparing these personal needs with wages, or salaries, or extreme working conditions," Mr. Ross added. "But filling these motivating desires is strongly tied to leaving or staying in a job. Probably the needs are much more important than our study could show."

The researchers tested 2,680 employes of the company, waited several months for some of them to resign, then measured those who left and those who stayed as to how the job satisfied their wants for:

Recognition—the need to feel that your achievements are made known to others.

Achievement—the need to feel that you have done something worth while or important.

Autonomy—the need to feel you have power over your own actions and that there is an area where you have prime responsibility.

Affiliation—the need to be related to people, have friends and be in communication with others.

Assessment—the need to feel that the standard for judging your behavior and performance is reasonable and just.

These needs never before have been tested in an industrial study, according to Mr. Ross.

The Institute sums up its discoveries this way:

"We have found that the fulfillment of needs for recognition, for autonomy, for feeling that one is doing important work, and for believing that one is being evaluated by fair expectations, are significantly related to continuing in the employ of the organization providing satisfaction of these needs. In addition we have found that knowing the important people in the organization is also related to continued employment."

You can't, of course, pat all your employes on the head every day, tell them they're doing a bang-up job, give them free rein at work and throw parties on Saturdays so they can get to know management.

But the findings in employe relations research can be useful in planning programs of employe relations.

The director of Michigan's Institute for Social Research, Dr. Rensis Likert, has pointed to a growing desire among workers for autonomy and initiative. Though modern scientific management "has clearly demonstrated its capacity to get high production," he says, "this productivity is obtained at serious cost."

He adds: "People will produce at relatively high levels when the techniques of production are efficient, the pressures for production are great, the controls and inspections are relatively tight, and the economic rewards and penalties are sufficiently large. But such production is accompanied by attitudes which tend to result in high scrap loss, lowered safety, high absence and turnover, increased grievances and work stoppages and the like. . . ."

He argues further that the management approach too often "assumes, as classical economic theories do generally, that all persons are simple economic men. More specifically, the underlying assumption is that it is only necessary to buy a man's time and he will then do willingly and effectively everything which he is ordered to do."

But, Dr. Likert maintains, "The trend in America generally, in our schools, in our homes and in our communities is toward giving the individual greater freedom and initiative." He says, "These fundamental changes in American society create expectations among employes as to how they should be treated."

He concludes: "In my opinion the cultural changes occurring in the United States will, in the next few decades, make people expect even greater opportunities for initiative and participation than is now the case."

. . . needs his own area of responsibility

In their analysis of employe turnover, Mr. Ross and Dr. Zander noted that "psychological aspects of work have been investigated for more than 30 years" with the focus shifting from such physical factors as light and noise to the personal elements in worker behavior.

Past studies, in different types of industries, they noted, have shown that absenteeism and turnover have been influenced by such factors as a supervisor's lack of interest in a worker, the discrepancy between a company's demands and the worker's own best performance, the degree to which an organization failed to provide the means to a worker's personal goals, friction among workers.

The report states that people who join an organization "serve only partly because they are dedicated to the organization's objective. They serve because they have motives and needs which the organization can and does satisfy quite apart from the objective of the organization." To get people to work well, the concern "has to provide satisfactions to its participants."

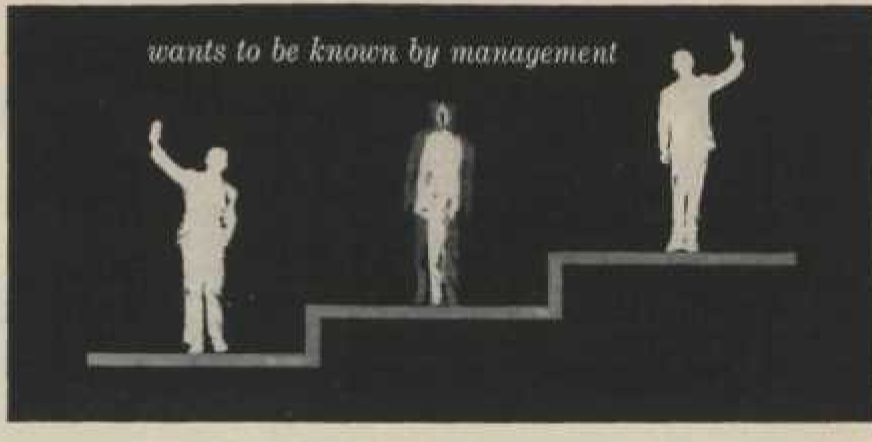
Other studies of individual companies in recent years found that "low morale is often at the bottom of excessive turnover," and that "a good deal of voluntary movement—perhaps most of it—is . . . the result of workers leaving jobs that are distasteful."

The Institute men are particularly confident of the accuracy of their study because the tests were so tightly controlled. Employes who stayed and those who left were compared according to their classifications—such as careerists, mothers and tentative employes. By comparing responses of employes according to seniority, the office where they worked and the type of work they did, as well as holding constant the factor of community economy, the test became a fair measurement of need satisfaction and turnover. The study was felt to be more valuable also because the workers were questioned before they quit. "Exit interviews aren't worth the trouble they take," says Mr. Ross.

As to each need tested, the report concluded:

"The losses were feeling less recognized than the matching stays." Those who quit said more often than those who stayed that their work was not as important as they would like to be. Employes who left said they had less autonomy than did workers who stuck on the job.

As for the affiliation need, the



WHY WORKERS WALK OUT *continued*

researchers found "the acceptability of co-workers as friends is not different for the losses and stays." But the report suggested significance in being known by management other than immediate supervisors. In this case, the dissatisfaction of losses was greater than that of comparable stays. The report also said, "A decrease in turnover can be expected from increasing the attractiveness (to workers) of management as persons."

For assessment, the results indicate "losses tend to think that the company is less fair and sets high, and presumably unreasonable, work standards."

The report indicates that workers who resigned did not always give the real reason for quitting. Other studies have also found this true. All the employes tested were women. But the needs measured are "the needs of everybody" whether male or female, according to Mr. Ross, and are "the forces that draw people in or keep them in an organization."

There is no sure-fire solution to the turnover problem. This the research directors acknowledge. But there are steps management can take to help meet the needs the study found so important. "Any action taken," the researchers warned, "should be accompanied by close observation of its effectiveness."

Here are the recommendations the Institute made which the client company is adopting and which practically any employer can use:

1. Train your workers in the nature of your company. Tell each employe about the jobs and duties of other employes "in such a way that he can relate them to his own place and functions" in the organization. This can be done through conferences. The idea is to make the worker understand where he fits in so he can see his own responsibilities for the company's product and realize his autonomy. Tell him about the organization of the firm—why it is set up that way and why it's logical. Prove that what the company expects of workers is fair. This can be done by showing that other employes do the work successfully.

2. There should be "regular and frequent feedback about performance." In other words, let the worker know how he's doing. The main purpose is to satisfy the employe's desire for recognition. Two other needs related to turnover also can be met in this way. Informing

What makes workers restless

What unfulfilled job desires breed anxiety? Psychologists at University of Michigan's Institute for Social Research presumed that when a person's needs aren't met and there's little he can do about it, he is likely to become anxious. They tested 2,680 workers to see if anxiety aggravated job dissatisfactions which make employes quit. The researchers found pangs of anxiety when two job needs aren't met: autonomy (authority and responsibility in a particular area) and assessment (fair evaluation of job performance).

the employe about the standards by which he is recognized and evaluated can emphasize the fairness of the company's expectations. By having the feedback done by big shots in the organization, it's possible to meet the need for acquaintance with these people.

3. Use informal communication. Give each employe a brief review of the careers of the most important people in the company. Do it this way: Let a supervisor in gossipy lunchroom conversation mention to an employe that the company's vice president started in that employe's department. He got to be head of the department after only five years, and about four years ago they made him a vice president, the supervisor could say. "Any reasons for the present high status of such persons constitute a self-portrait of management," the report notes. "It may be possible to present in this way the expectations which management holds for employes" and to demonstrate that real people have met these expectations. Moreover, these people were recognized and rewarded.

4. Make the process of evaluating performance "less threatening and more comfortable to an employe." Make evaluations a test not of an

individual worker but of a group, so that they can be construed as guides to training procedures, for example. If a proficiency index of a section of the organization is the goal of individual evaluation, employes may accept it more readily.

5. Find out about morale of individual employes. This could be done by surveys, or through an employe committee as an incidental function.

For instance, an employe safety committee might be asked to keep a lookout for workers who are sour about their jobs because an accident might be prevented if the worker's gripe can be allayed.

The researchers caution that these recommendations haven't been tested in action.

But they are put forward as specific suggestions to help curb employe turnover. END

The simple story of

A

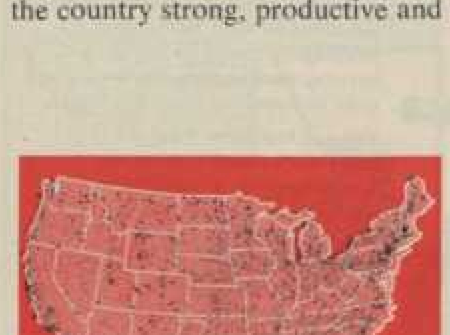
What the National Chamber is

THE Chamber of Commerce of the United States is a national federation of business organizations, business firms and business men. It is made up of:

MORE THAN 3,300
ORGANIZATION MEMBERS —
local and state chambers of commerce and trade associations (with an underlying membership of 1,800,000 business men); and

MORE THAN 21,000
BUSINESS MEMBERS—
firms, corporations and individuals.

THE National Chamber is the unduplicated organizational means by which business men *work together* as a group to fulfill their responsibility for helping solve national problems and for keeping the country strong, productive and free.



This map shows the location of the more than 3,300 local and state chambers of commerce, and trade and professional associations affiliated with the National Chamber. The Chamber works in close partnership with these voluntary organizations of business men — and makes available to them many services to help them grow in usefulness and effectiveness.

B

What the National Chamber does

THE Chamber of Commerce of the United States works to preserve, strengthen and improve the private business system.

The Chamber's work embodies two broad activities: *leadership* and *service*. These activities overlap but, generally speaking, they divide themselves like this:

LEADERSHIP – The National Chamber works to make the voice of business clearly heard and heeded in government. To do so the Chamber . . .

1. Identifies and defines all national economic and legislative issues affecting business.

2. Shows business men and others what is happening in Washington – and what these developments mean to them and to the future of the country.

3. Determines the majority views and recommendations of business on economic problems and on proposed national legislation.

4. Submits the recommendations of business to Congress, and presents *facts* to show that the recommendations are in the public interest.

5. Explains the recommendations of business to the public – and works to create greater public sentiment in favor of private business as against any other economic system.

SERVICE – The National Chamber offers technical assistance and makes available a wide variety

UNCOVERS TALENT

continued from page 35

this important exchange. The supervisor goes over the report. He suggests training or development that can lead to better performance on the job being done, or to later promotion.

Considerable attention is given to the conduct of these interviews—again, with the coordinator playing a backstage role. Strong points of the man's rating are to be dwelt on as well as weaker ones. The conferences are confined to job responsibility, with personality traits excluded.

Supervisors who conduct such discussions are trained for them with simulated sessions which include tape recordings of both good and bad type interviews, bolstered with analysis of the features that made them so.

Sometimes these interviews involve unusual cases. One was that of a personable, well-groomed man who kept records in highly competent fashion and had nearly all the attributes for advancement except one—he stuttered badly when dealing with subordinates, particularly under pressure. The man and his chief discussed the desirability of corrective courses of some sort. The problem went up through the coordinator to the development central office, where a speech correction course at a local college was recommended. The man enrolled. Six months later his trouble had been reduced to where it was no longer a handicap, and his prospects were much improved.

Parallel to the performance evaluation is a "potential" sheet, also prepared by supervisors to cover subordinates who are potential candidates for advancement. This report starts off with the over-all performance rating gleaned from the performance evaluation sheet, and goes on from there into characteristics more related to the man than the job—his age, the conditions under which he will accept advancement (maybe he won't leave one city), his experience background, health, personality traits, special skills, etc.

This potential sheet concludes with this summation:

"Considering past performance, plus all applicable factors given, his status as of now is:

1. Not a candidate for advancement. Specify reasons:
2. Merits consideration for advancement but needs substantial development:
3. Merits consideration for advancement with further development. (Approximately how long before he will be ready?)
4. Merits consideration now for advancement to the next higher level.
5. Merits consideration now for advancement to the next higher level, with outstanding long-range promise: . . .

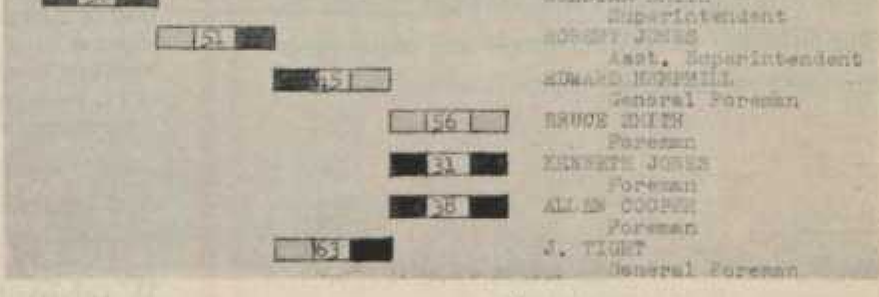
Development and training go hand in hand. Information gained through the evaluation sheets guides supervisors in advising those reporting to them. Recommendation may be to take special training at a local college, in classroom courses conducted by Chrysler (its industrial education department has a variety of these, and sets up more whenever a need arises), or perhaps in the Chrysler Institute of Technology.

Or, the decision may be to shift a man into another assignment, to provide on-the-job training that will familiarize him with an area of activity previously vague to him.

These fill-ins, on both the potential and the performance evaluation sheets, lead directly to another stage of the procedure—and a highly important one. At that point the findings are combined into what might be called an inventory of management for any particular section, department, plant or division.

The various management or supervisory people in the one segment of the company are listed in a variant of an organizational chart, with top-

Bars *code performance in color, give quick check of promotion possibilities*



others outside the state or salable within the state against others who may bring products in from outside.

Is there danger that a company may be criticized as trying to dominate a community's activities?

No. On the contrary our problem, while it is improving, continues to be that other people seem quite willing to let us do the things that are everybody's business. The fact is that all of us together just aren't doing as much as we ought to be doing for the good of all concerned.

Does a program like this take a lot of money?

No, it takes little money, and most of it can be done with no expense at all. It largely has to do with people changing their habits of mind and action, acquiring a new set of information and a more alert outlook, developing a political sophistication and, in general, achieving a revised sense of what is important. Probably the most damaging single thing that can be said about us businessmen over the past 40 years is that we haven't adjusted our ideas in keeping with the changes in what is important from the standpoint of all five groups of people we are trying to please.

Is this program practical for all business?

Yes. In fact, it is much more practical for a small business than it is for General Electric because the typical small business usually has everything at stake in the one community. On the other hand, a large business that is expanding has some choices as to where it can go. It is vitally interested but does not have the absolute life or death stakes in a given community that the small business has.

What is the threat from failure to carry out this program?

There is the threat of two kinds of consequences. The first is that the business which has not done its duty in this field will not be able to grow and be profitable. Likewise, other companies in the same community are likely to have the same difficulty.

The second consequence is that the community itself will find that it is not growing and prospering because it is not attracting and keeping employers who are aided and encouraged in giving good values and in living up to people's expectations of them as employers and as buyers of local goods and services. END

REPRINTS *of "Two Steps Improve Business Climate" may be obtained for five cents each or $4.50 a hundred postpaid from Nation's Business, Washington 6, D. C.*

ADVERTISERS IN THIS ISSUE • OCTOBER 1956

PAGE

LET'S MODERNIZE OUR POLITICS

WE ARE spending $36 billion this year to expand and modernize our industrial plant. We eagerly await the introduction of new model automobiles after setting a record in car purchases last year. We anticipate wide application of atomic power and confidently prepare to launch a satellite into outer space.

The while we persist in political behavior that is as obsolete as home-made soap.

Symbolic of this behavior is an arsenal of political clichés which, however apt they may have been originally, no longer apply to today's business system, the men who operate it or the conditions under which it functions.

The business system—its methods, attitudes, goals, problems and capabilities—has changed as greatly in the past 50 years as have its products.

Scholars may argue whether the change was intentional, forced by society or was the inevitable result of economic forces.

Not debatable is the fact that it is here and politicians who cling to the old terms find themselves in an awkward straddle because of it.

By political definition "competition," "public ownership," "labor" are among the good words. "Monopoly," "big business" and "capitalists" are among the bad ones.

But, if politics is to preserve competition and destroy monopoly, it needs to make clear, to itself first and the public later, whether it is preserving the pure competition of Adam Smith or the competition of today.

In Smith's day identical businesses attempted to sell identical products to identical customers. Now the washing machine manufacturer competes not only with rival washer manufacturers but with the commercial laundry, the maker of dish-washers, air-conditioners, refrigerators and the researcher who produces artificial fabrics which may be rinsed out in a wash bowl.

Politics also favors public ownership of vital industries on one hand and condemns big business on the other.

But if public ownership means ownership by the people, then it and big business appear to be the same thing.

Today's corporation is run by professional managers whom the people control in at least two ways: As customers they can simply refuse to buy the company's products; as stockholders they can remove the managers for inefficiency or any other reason that appeals to them.

The people have no such control over a cabinet member or a bureau chief in those cases where "public ownership" is interpreted to mean ownership by the government.

Politics also deplores capitalists and pledges itself to help labor.

But in an economy where company stockholders frequently outnumber employes, where wages rise faster than profits, where 60 per cent of homes are owner-occupied, where distribution of savings accounts, pensions and insurance policies makes property-owning the rule rather than the exception, the definition of capitalists must have a new political meaning if it has any meaning at all.

And if "labor" means the union—that is big business. If it means the union member—he is probably a capitalist.

Such contradictions make much campaign oratory a lively exercise in misdirection. Unhappily they frequently have the same effect on legislation. If politics is not to stand in the way of progress it needs a new vocabulary—and perhaps new ideas.

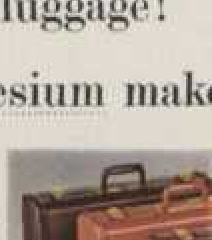
MEN'S TWO-PIECE SET, $60 TWO-SUITER, $35 QUICK-TRIPPER, $25

Travel with America's most advanced luggage!

Samsonite *Ultralite*— magnesium makes it fingertip-light!

Travelling by skyway or highway —more men prefer Samsonite over any other luggage! One reason is Samsonite Ultralite — a totally new kind of luggage that makes other brands seem as old-fashioned as a 1918 bi-plane! Here is luggage so light you can lift it with one finger. Luggage that's strong enough to stand on, resists scuffing and wipes clean with a damp cloth! Luggage that seals out dust and dampness, opens and shuts with push-button ease! Here is a whole new era of light, care-free travel! Stop travelling in the past. Start travelling with Samsonite Ultralite—the most advanced luggage in the world!

Samsonite Ultralite weighs less—so you can take more clothes on flights!



In new flying colors: Jet Grey, (featured), Pilot Tan, Rocket Brown.

Shwayder Brothers, Inc., Luggage Division, Denver 17, Colo. Makers of Samsonite Streamlite Luggage from [illegible]. Prices subject to existing taxes. Prices higher outside Continental U. S.